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The COMMERCIAL & FINANCIAL CHRONICLE

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Our Reporter On "Governments"

There's just one story in the U. S. Government bond mart today and that's the progress of the "tap issue." . . . It's true, of course, that we can only guess at what is going on at this stage of the sale, but we have some indications of the record, some clues to the eventual result. . . . It's true too that commercial banks are prohibited from participating in this offering so their interest in the way the flotation is going must be entirely objective. . . .

But the success of the tap issue is of utmost importance to every investor and institutional buyer of Government bonds in the Nation. . . . The success of the issue is of particular significance to commercial banks despite their inability to buy the 2½s of 1967/62 this time. . . . And the reason for that last statement is that if the issue does go over, banks may expect to be placed in a special buying category from now on. . . . If it doesn't yield much money and does suggest the trouble is too great to warrant the effort, then banks are going to be called upon to contribute more and more funds. . . .

These are obvious implications of the sale. . . . And before proceeding with this analysis, it might be said that most professionals are still puzzled as to the real explanation for the Treasury's restriction on commercial bank purchases—especially when it's trying a system for the first time and the normal procedure would be to make conditions as favorable as possible. . . . To repeat, the puzzlement is over the "real" reason—not the published one, which was that Secretary Morgenthau was attempting this device to make sure that the millions borrowed wouldn't go to swell the potentially inflationary total of commercial bank deposits. . . . But why did Morgenthau become so particular at this particular moment? . . . Why start off the "tap issue" with a major, if not overwhelming, handicap? . . . Was it because he doesn't like the tap method of financing to start with and he figured that this test would settle the problem of tap issues once and for all? . . . Was it because he doesn't count much on the tap method anyway and figures that whatever he gets from the issue is just that much additional? . . . Or was it really because he wanted to raise these few hundred millions from investors other than banks and didn't want to obscure the basic demand by letting commercial banks come in and subscribe? . . .

One thing is clear. . . . Morgenthau isn't expecting to get more than $350,000,000 from the 2½s anyway. . . . He has just raised $1,250,000,000 from the sale of the 2s of 1951/49—an excellent bond, by the way. . . . He will raise another $400,000,000 through additional sales of discount bills this month. . . .

He has asked for only $2,000,000,000 (only!) in the open market this month, so that leaves only $350,000,000 to be obtained from the tap issue. . . .

HOW IS IT GOING?

Judging from comments of dealers and brokers helping in the distribution of the 2½s, the sale is going "fairly." . . . To date, the reaction of insurance companies, trust funds, corporations, estates and other institutional buyers hasn't been anything better than that. . . . The interest may pick up as the time for closing of the books nears, admittedly. . . . The Nation's investment bankers and brokers are just getting into high gear with their program of all-out selling and they should be able to place millions of the bonds, for if any

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OUR REPORTER'S REPORT

Under more normal circumstances the wording of the ruling by the Securities and Exchange Commission, denying a Public Service Company of Indiana request that its $4,000,000 bond sale be exempt from the competitive bidding rule, would doubtless have been cause for much jubilation in underwriting circles.

With the new issue market pretty much in the doldrums currently, due to the war and its unsettling influence, the ruling did not arouse the enthusiasm that might otherwise have been the case, but the full import of its wording was absorded with an eye on the future.

The bonds in question, will be offered in competition for bids on next Monday and despite the small size of the issue, there are indications that a number of tenders will be received.

The SEC's decision said in part: "In promulgating the rule we obviously did not intend that exceptions from it would be lightly granted; an issuer, therefore, cannot act on the assumption that no attempt need be made to comply with its general requirements."

Stating that the Indiana Company made no effort to assemble necessary financial information in the event that the commission was unable to make the findings required for an exception, the Commission asserted:

"It appears to us that the company unwarrantably assumed that it could disregard the competitive bidding rule and make such full arrangements for the private sale of its securities that the commission would be compelled to grant its application for an exception or else face the onus of delaying the issue. We cannot permit ourselves to be jockeyed into such a posi-

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Sees Stock Market As A Whole In Buying Zone; Compares Action Of Foreign Markets With Ours

Roger Babson, writing in the Christian Science Monitor, declares that, without commenting upon individual issues, "it appears to me that the stock market as a whole is in a buying zone. Naturally, in view of conditions, the market has been very sensitive for some months with the emphasis of movement on the downside. This has been occasioned mainly by domestic industrial upheavals, the uncertainty of the tax and profits situation, and bad news from the war areas.

"Considering all that Great Britain has been through and particularly with the Germans sitting only 20 miles away from the British Isles, one would naturally expect a badly acting London market. Stocks on the London Exchange have, however, steadily advanced in the face of falling New York prices. This is likewise true in France, Holland, and Germany. Ever since the war started, common stocks have advanced in the countries most affected.

U. S. Vastly Better Off

"All of these nations have proportionately larger debts than the United States. They have suffered great amounts of property damage. Their tax laws are far more drastic than ours. The regulations and restrictions under which their people work, eat, and live make our price ceilings, priority rules, and food controls seem like child's play. Yet in the face of conditions far worse than any which have yet touched our own country, foreign stocks have advanced while the bulk of our own securities, have consistently moved downward.

"Any historical study of inflation such as occurred both during and after the last war shows that the time ultimately comes when people prefer to own real property and good stocks rather than bonds and cash. Inflationary forces are steadily at work here, but they are further advanced in the countries previously mentioned. We see in our own group in realizing that cash is no longer the form in which to protect one's capital. Not so here as witnessed by the large amount of money now in circulation. Its total far exceeds any that this country has previously known. Much of this money is held by foreigners who fled Europe. Their fears have been communicated to our people. As a result, safe deposit boxes are at a premium in most banks. As I have said before, hoarding serves no useful purpose.

"If the American investor is to combat successfully rising prices and rising taxes, he must have more income and increase his capital from which his income is derived. In terms of our pre-war dollar of 1939, a dollar bill today, on the basis of wholesale prices, is worth 76 cents.

Don't Follow the Crowd

"Certain real estate is O. K. War Savings Bonds and Stamps are a 'must' in every investment portfolio. However, successful real estate commitments are the exception rather than the rule and no real estate has the marketability of good common stocks. Bonds are approaching an all-time high and, except in instances of certain discount issues, should

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Announce Field Day For N. Y. Bond Club

The Municipal Bond Club of New York will hold its eleventh annual field day on Friday, June 5, at the Westchester County Club, Rye, N. Y. This represents a change in location, as it was originally planned to hold the field day at the Hempstead Country Club.

The day's activities will feature golf and tennis tournaments and a baseball game will be played in the afternoon. War Savings Stamps will be awarded during dinner.

Gatch Bros.-Crago Co. To Be NYSE Members

ST. LOUIS, MO.—With the acquisition by Nelson B. Gatch of the New York Stock Exchange membership of Vernon C. Badham, the firm of Gatch Bros., Jordan & McKinney-Crago, Smith & Canavan, 418 Olive Street, will become members of the New York Stock Exchange. The firm, which was recently formed by the merger of Gatch Bros., Jordan & McKinney, and Crago, Smith & Canavan, already holds memberships on the St. Louis Stock Exchange.

Dearth Commissioned Lt.-Commander in Navy

DES MOINES, IOWA—Michael D. Dearth, President of Murdoch, Dearth & White, Incorporated, of Des Moines, Iowa, and St. Louis, Mo., is taking a leave of absence from his firm for the duration of the war in order to join the U. S. Navy. Mr. Dearth, who is a graduate of Annapolis and spent several years on active duty with the Navy, has been commissioned as a Lieutenant-Commander. The Des Moines office of Murdoch, Dearth & White will be managed by Robert H. McCrary, Vice-President, during Mr. Dearth's absence and no other changes in personnel in the organization will be effected.

Michael D. Dearth

IBA Governors To Meet In New York May 22-24

The regular Spring meeting of the board of governors of the Investment Bankers Association of America will be held May 22 to 24, at Rye, N. Y., it was announced May 13 by John S. Fleek of Hayden, Miller and Co., Cleveland, President of the Association. Condensing into a three-day week-end a meeting which in more normal years runs for five days, was done as a wartime economy of man-hours, the announcement stated. Making it a strictly business meeting near New York City was for the same reason. Many of those attending from other sections of the country can include the meeting as a part of one of their regular periodical trips to the financial center, it was explained. It is further stated by the Association that in order to cover a large amount of business in the abbreviated session, one full day is to be devoted to committee meetings and the other two days will be given over completely to board meetings, which will be open to all those attending. In addition to the 48 members of the board, who represent every section of the United States and Canada, all members of national committees and of the executive committees of the Association's 18 geographical groups have also been asked to attend, as well as many former board members.

Marino To Be Partner

Joseph C. Marino will shortly be admitted to partnership in Doolittle, Roth & Schoellkopf, members of the New York Stock Exchange. Mr. Marino will make his headquarters at the firm's New York City office, 120 Broadway, and will act as alternate for Prentice Strong on the floor of the Exchange.

Washington Bond Club To Hold Annual Outing

WASHINGTON, D. C.—The Washington Bond Club announces that the annual outing of the club will be held on Friday, June 12, at the Manor Club.

Events of the day will include a golf turnament (Acacia Cup and other prizes), putting contest, and horseshoes — Class A and B, in addition to swimming, tennis and beer. Dinner will be a Chet Ailes special, and the club announces prices have been frozen at preceding levels—$2.50 for members, $3 for guests.

The Stock Exchange will be open for trading. Orders will be received by Newt Brewer, Robert C. Jones & Co., and allotments will be made over and above participations ordered. There was a heavy oversubscription last year, so members are urged to place orders early.

Chairman of the 1942 Outing is Austin B. Rohrbaugh, of Robinson, Rohrbaugh & Lukens. Committee heads are: Nominating, George Ferris, Ferris, Exnicios & Co., Inc.; tickets, Newt Brewer, Robt. C. Jones & Co.; Stock Exchange, Bill Coe, Mackall & Coe; dinner, Chet Ailes, Brown, Goodwyn & Olds; prizes, Berney Nees, Johnston, Lemon & Co.; golf, John Hoffman, McKnew & Co.; putting, Dick Winder, Henderson Winder & Co.; horseshoes, Monk Ellis.

L. A. Bond Traders Outing For May 23-24

LOS ANGELES, CALIF.—The Bond Traders Association of Los Angeles will hold their annual spring outing at the Hotel Del Coronado at Coronado Beach, Calif., on May 23 and 24. Golf, swimming, badminton, tennis, pitch and putt course will be featured, with a limited amount of free liquid refreshments, the amount depending on the market between now and party time.

Cost will be $7.50, covering room and three meals, and the outing committee asks that reservations be made by May 18. Members of the committee are: Don Summerell, Merrill Lynch, Pierce, Fenner & Beane, Chairman; Sam Green, Pledger & Co., and Joe Gallegos, Pacific Co. of California.

Gordon Graves Co. In Fla.

CORAL GABLES, FLA.—Gordon Graves & Co. has opened a branch office here at 204 Alhambra Circle under the direction of Herbert T. McNichol, formerly of J. S. Bache & Co. Budd G. Moore also previously with J. S. Bache & Co., will be assistant manager. The Coral Gables office will do a general retail business in bonds and general market securities.

S. R. Melven Enlists

Sydney R. Melven, proprietor of S. R. Melven & Co., 2 Rector Street, New York City, who served in World War I, has enlisted in the United States Army. S. R. Melven & Co. has announced that the firm is retiring from the securities business for the duration.

Reelect R. L. Stott Chairman Of NYSE

At the annual election of the New York Stock Exchange, held on May 11, Robert L. Stott, of Wagner, Stott & Co., was re-elected as Chairman of the Board of Governors for another one-year term. In addition to the election of a Chairman, the Exchange elected nine Governors, two members of the Gratuity Fund and five members of the Nominating Committee. Nomination of these officers was referred to in these columns of April 16, page 1531. Following are the names of the new Exchange officers:

Nine Members of the Board of Governors

Three members of the Exchange residing and having their principal places of business within the metropolitan area of the City of New York:

For the Term of Three Years:

Robert J. Hamershlag, Hamershlag, Borg & Co.; George R. Kantzler, E. F. Hutton & Co.; Raymond Sprague, Raymond Sprague & Co.

Three allied members or non-members residing and having their principal places of business within the metropolitan area of the City of New York, who are general or limited partners in member firms engaged in a business involving direct contact with the public:

For the Term of One Year:

John C. Maxwell, Tucker, Anthony & Co.; Radcliffe Swinnerton, R. Swinnerton & Co.

For the Term of Three Years:

Murray D. Safanie, Shearson, Hammill & Co.

Three members or allied members or non-members of the Exchange residing and having their principal places of business outside of the metropolitan area of the City of New York, who are general or limited partners in member firms engaged in a business involving direct contact with the public, of whom not less than one is a member of the Exchange:

For the Term of Three Years:

Percy W. Brown, Hornblower & Weeks, Cleveland, Ohio; William W. Cabell, Branch, Cabell & Co., Richmond, Va.; James J. Minot, Jackson & Curtis, Boston, Mass.

Two Members of the Gratuity Fund

For the Term of Three Years:

John Rutherfurd, at Reynolds, Fish & Co.; John K. Starkweather, Starkweather & Co.

Five Members of the Nominating Committee

For the Term of One Year:

Three Members of the Exchange: Robert W. Keelips, Ware & Keelips; Coleman B. McGovern, Gude, Winmill & Co.; Charles A. Sulzbacher, L. F. Rothschild & Co.

Two Allied Members of the Exchange: Charles S. Garland, Alex. Brown & Sons, Baltimore, Md.; Ranald H. Macdonald, Dominick & Dominick.

T. Catton Associated With Quincy Cass Firm

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — Thomas R. Catton has become affiliated with Quincy Cass Associates, 530 West Sixth St., members of the Los Angeles Stock Exchange. Mr. Catton was formerly with Hurry, Hilgers & Co. In the past he was President of Thomas R. Catton & Co., Inc., and was a partner in Chapman & Co.

Revenue Bonds Subject Of Municipal Forum

An open forum will be held by The Municipal Forum of New York, following luncheon on May 15 at Block Hall, New York, for discussion of revenue bonds as legal investments for savings banks and trust funds. Charles F. Aufderhar, Jr., Savings Bank Trust Company, will preside over the forum.

The Committee on Revenue Bonds of the Municipal Forum in 1940 undertook to study the possibilities of revenue bonds as trustee investments and the committee report will be submitted at the Forum luncheon. Members of the committee are: Cushman McGee, Acting Chairman; Elmo P. Brown, Walter L. Cropley, John B. Dawson, A. Baisley Sheridan and Byron W. Shimp.

Wiesenberger Opens New Advisory Dept.

Arthur Wiesenberger & Company, 56 Beaver Street, New York City, members of the New York Stock Exchange, announce an expansion of activities with the formation of a "Department of Special Negotiations." The function of this department will be to act in an advisory capacity or as an intermediary in the sale or purchase of going business concerns, sale or purchase of controlling or minority interests in closed corporations, the liquidation of unprofitable units and acquisition of new desirable products and processes, especially those in the proven stage. Special advisory assistance will also be furnished for mergers and financial reorganizations. Management of the new department will be under the direction of Irving Fieldman, a well known consultant and specialist in chain store activities who has served as an expert negotiator for leading financial institutions, chain stores and prominent private estates.

Albert Van Court To Conduct Own Firm

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Albert E. Van Court has opened offices at 639 South Spring Street, to engage in a general securities business. Mr. Van Court for the past 11 years has been a vice-president of William R. Staats Co.

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Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Edward G. Otis Joins Staff Of Wyeth & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — Edward G. Otis has become associated with Wyeth & Co., 647 South Spring St., members of the Los Angeles Stock Exchange. Mr. Otis was formerly Vice-President of Floyd A. Allen & Co., Inc., and prior thereto conducted his own firm, E. G. Otis & Co., in Los Angeles.

James T. Mayall With Harris, Upham & Co.

(Special to The Financial Chronicle)

ST. PAUL, MINN. — James T. Mayall has become associated with Harris, Upham & Co., Pioneer Building. Mr. Mayall formerly for many years conducted his own investment firm in St. Paul. In the past he represented the Northern Trust Company of Chicago in the Twin Cities.

Twin City Bond Club Announce June Outing

MINNEAPOLIS, MINN. — The Twin City Bond Club will hold its twenty-first annual picnic on Thursday, June 11, at the Midland Hills Country Club. There will be all-day golf, lunch and dinner. The club is extending a cordial invitation to all bond men to attend the outing. Reservations should be made with H. H. Wylie, Wells-Dickey Company, Minneapolis.

John Hammitt Dies

John K. Hammitt, member of the Philadelphia Stock Exchange, and senior partner of Hammitt & Co., Philadelphia, died after a brief illness. Mr. Hammitt served during the first World War as a lieutenant in the 318th Infantry Regiment, receiving the silver star for gallantry in action and the military order of the purple heart.

Petroleum Industry Has Bright Outlook

Walter F. Tellier, of Tellier & Company, 42 Broadway, New York City, specialists in old royalties, reminds brokers and dealers that in spite of gasoline rationing, royalties are actually more attractive now than ever before. This statement is based upon the fact that modern warfare is primarily dependent upon oil, and a tremendously large supply is and will increasingly be needed by the United Nations to fight the war successfully to ultimate victory.

Confirmation of this is given by Russell B. Brown, General Counsel of the Independent Petroleum Association of America, who said in an article recently appearing in the Tulsa, Oklahoma, "World," that: "Modern warfare is based upon the use of petroleum products. It ranks as an absolute necessity. Almost all strategy today depends upon mobility, speed and power. Thus far, there has been no substitute offered for petroleum products in supplying these three qualities. Petroleum furnishes a fuel and a source of power which is more nearly perfect than anything else which has yet been discovered."

In addition, the oil industry is expected to play a big role in the United States' synthetic rubber program and a phenomenal expansion is predicted, as a petroleum base is used in this work. Oil royalty owners receive the cash equivalent of one-eighth of the crude oil produced, payable monthly, and these payments come ahead of dividends or bond interest of operating companies.

J. C. Wright Becomes Keane & Co. Partner

DETROIT, MICH. — John C. Wright has been admitted to general partnership in Keane & Co., Penobscot Building, members of the Detroit Stock Exchange. Mr. Wright's association with Keane & Co. was formerly reported in the "Financial Chronicle" of April 2.

Also connected with the firm is G. E. Wilson.

A. S. Mills Bond Mgr. For Newhard, Cook Co.

ST. LOUIS, MO.—Andrew S. Mills has become associated with Newhard, Cook & Co., Fourth and Olive Streets, members of the New York and St. Louis Stock Exchanges, as manager of the municipal bond department. Mr. Mills was formerly a partner in Francis, Bro. & Co., with which he had been associated for many years.

Bailie With Sincere Co.

DAVENPORT, IOWA — A. R. Bailie has become associated with Sincere & Co., 231 South La Salle St., Chicago, members of the New York Stock Exchange and other leading exchanges, as representative in Davenport. Mr. Bailie, who was formerly with McGuire, Welch & Co., will have offices at 912 East High St.

Glore, Forgan Offers National Distillers Deb.

An underwriting group headed by Glore, Forgan & Co. and Harriman Ripley & Co., Inc., offered to the public May 13 an issue of $15,000,000 National Distillers Products Corp. 7-year 3¼% sinking fund debentures, priced at 100, plus accrued interest. Of the net proceeds, $11,000,000 will be applied to the repayment of presently outstanding bank loans of the corporation and the balance will be placed in its general funds and used for general corporate purposes.

An indication of the corporation's financial requirements is given in the prospectus which shows that during the year 1941 consolidated notes and accounts receivable, less reserves, increased $5,496,537 to $28,049,482; consolidated inventories increased $4,539,381 to a total of $40,817,616; and cash disbursements in connection with additions to property, plant and equipment amounted to $1,403,775. Cash on hand at Dec. 31, 1941, was $2,680,119.

A sinking fund is provided for the new debentures sufficient to retire semi-annually $375,000 principal amount, beginning Mar. 1, 1943, at redemption prices ranging from 101 to 100 on or after Mar. 1, 1948. Other than for the sinking fund. debentures are to be redeemable as a whole at any time, or in part from time to time in amounts not less than $100,000, prices ranging from 102½ prior to Mar. 1, 1943, to 100 on or after Mar. 1, 1948. Debentures retired otherwise than through the sinking fund may be credited against sinking fund requirements.

Corporation is chiefly engaged in the distillation and sale of American whiskies, operating directly or through subsidiaries 12 whiskey distilleries in the United States with a combined distilling capacity for a 24-hour period of 159,439 proof gallons. The corporation is also engaged in other branches of the alcoholic beverage industry and in the manufacture and distribution of certain food specialties.

Other members of the underwriting group are: Blyth & Co., Inc.; Hayden, Stone & Co.; The First Boston Corp.; Lehman Bros.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; W. C. Langley & Co.; Stone & Webster and Blodget, Inc.; Blair & Co., Inc.; H. M. Byllesby & Co., Inc.; Emanuel & Co.; Wertheim & Co.; Alex. Brown & Sons; Eastman, Dillon & Co.; Laird, Bissell & Meeds; Hornblower & Weeks; G. H. Walker & Co., and Kuhn, Loeb & Co.

Interest Possibilities

Securities of the New York New Haven & Hartford RR. offer attractive interest possibilities at the present time, according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of the circular may be had from the firm upon request.

Canadian Industrial Activity Remains High

General industrial activity in Canada remains unchanged at a high level, our index continuing for the third consecutive month to register 164 (1937 equals 100). The percentage of current factory capacity utilized fell from 115 at mid-March to 114 at mid-April, the downward trend occurring mainly in the heavy iron and steel industries owing to further plant expansion and reorganization.

Our wage payroll index for March was 190 (1937 equals 100), an increase of 7% over February and of 23% over March, 1941. As compared with a year ago the increases were 28% for both manufacturing and trade, with one of 17% for transportation and minor decreases for the other categories. The most striking increase over February was that in trade payrolls (comprising wholesale, retail and service trades), namely 27%.

The activity of the food group was slightly upwards, chiefly in flour and cereal products. In the clothing group there was a marked rise in the output of men's clothing (partly seasonal and partly on Government order), with minor rises in footwear, men's furnishings, cottons and woolens. Less activity is shown in the pulp and newsprint sections.

A moderate decline is recorded in the automotive trades, some units not having yet completed the retooling necessary for full conversion to Government orders, but the present level of activity as a whole is considerably higher than in the autumn of 1941. Gains are reported in every branch of the other iron and steel trades, notably in the heavy section.

Planting in the Prairie Provinces has been delayed by wet weather, with rainfall late in April of very heavy proportions in Saskatchewan. Seeding, however, is quite well advanced in the driest areas, southern Alberta and southwestern Saskatchewan. The spring moisture is well above normal in Saskatchewan, a most welcome condition in view of the less-than-average pre-season reserves, while the recent rainfall was sub-normal in Manitoba and Alberta where, however, there are good reserves. Taking all these factors into account, the new crop season, though late, has begun more satisfactorily than was in prospect a month ago.

Two Large Exchange Firms To Amalgamate

George F. Hackl, Jr., members of the New York Stock Exchange, formerly a partner in Gilbert Eliott & Co., will become a partner in Laird, Bissell & Meeds, New York Stock Exchange firm, on June 1st.

The majority of the personnel of Gilbert Eliott & Co., which will discontinue business as of June 1st, will likewise become associated with Laird, Bissell & Meeds.

It is also rumored that an amalgamation of Reynolds & Co. and Goodbody & Co. is in the offing.

Appeal Bd. Interprets Unemployment Law

Undertaking a national defense training course constitutes good cause for leaving employment voluntarily within meaning of the New York State Unemployment Insurance Law, according to a recent Appeal Board decision announced at Albany under date of May 1, by Milton O. Loysen, Executive Director of the Division of Placement and Unemployment Insurance of the State Department of Labor.

"Should a worker leave his employment voluntarily, 'without good cause,' he is subjected to certain penalties as far as collecting his unemployment insurance benefits is concerned," said Mr. Loysen. "That's why this Appeal Board decision and others included in this announcement are important to New York State workers." Other decisions, says the announcement, based on leaving employment voluntarily included:

Denial of a request for promotion did not constitute good cause for voluntarily leaving employment.

Anticipation of seasonal layoff was not good cause for voluntarily leaving employment.

Dislike of new assignment at which claimant worked a short period was not good cause for voluntarily leaving employment.

Denial of a request to change vacation plans was not good cause for voluntarily leaving employment.

The desire for higher wages and better promotional opportunities does not constitute good cause for leaving a job unless a benefit claimant has a reasonable prospect of other employment.

Voluntarily leaving employment rather than continue working under conditions which were acceptable for six years is without good cause.

Municipal Club Hears Schacher At Meeting

CHICAGO, ILL.—Dr. Gerhard Schacher was the guest speaker at the luncheon meeting of the Municipal Bond Club of Chicago on May 13. Dr. Schacher's subject was "He Wanted to Sleep in the Kremlin."

The Municipal Bond Club has decided to dispense with its usual Spring party, substituting luncheon meetings and similar affairs on its program, according to George L. Martin, Martin, Burns & Corbett, Inc., President.

New committee chairmen appointed are: D. T. Richardson, D. T. Richardson & Co., Program; A. G. Pickard, C. F. Childs & Co., Inc., Finance; Lloyd Jammer, R. S. Dickson & Co., Publicity; Woodward Burgert, Harris Trust & Savings Bank, Attendance.

Bocklet, Tyson To Be Partners In Gammack Co.

Charles J. Bocklet and H. Blair Tyson will become partners in Gammack & Co., 40 Wall St., New York City, members of the New York Stock and Curb Exchanges, as of June 1. Mr. Bocklet, a member of the Curb Exchange, was previously a partner in Howe & Co.

Goldschmid Now Assoc. Mgr. of Haupt NY Branch

Arthur Goldschmid, formerly with Leopold Spingarn & Co., has been appointed Associate Manager of the 501 Seventh Avenue office of Ira Haupt & Co., members of the New York Stock Exchange. According to an announcement made by the firm, Samuel E. Sweedler and Emanuel E. Dunn, co-Managers of the office will continue in that capacity.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

BROOKLYN, N. Y. — **Security Adjustment Corporation**, 16 Court St., announces that **Daniel Ohl**, formerly with Cassatt & Co., has been appointed Assistant Cashier of their firm.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Percy E. Morris** has been added to the staff of **Charles A. Day & Co., Inc.**, Sears Building.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Frederick N. Shannon** is now with **David A. Noyes & Co.**, 208 South La Salle St.

(Special to The Financial Chronicle)

FRESNO, CALIF. — **Alexander P. Gatti** has become associated with **Blyth & Co., Inc.**, Russ Building, San Francisco, Calif. Mr. Gatti was formerly Manager of the Bond Department of the Fresno office of Dean Witter & Co. Prior thereto he was Fresno Manager for Conrad, Bruce & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Dan H. McKellar**, formerly with Franklin Wulff & Co., Inc., has joined the staff of **Revel Miller & Co.**, 650 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Robert C. Davidson** and **Hays Matson** are now with **Pacific Company of California**, 623 South Hope St. Both were previously connected with Merrill Lynch, Pierce, Fenner & Beane.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Rodney Charles Crist**, formerly with Merrill Lynch, Pierce, Fenner & Beane, has become connected with **Sutro & Co.**, Van Nuys Building.

(Special to The Financial Chronicle)

ONTARIO, CALIF.—**Harvey O. Chapman** has become affiliated with **Pacific Company of California**, 623 South Hope St., Los Angeles. Mr. Chapman was formerly Ontario, Calif., Manager for Davies & Co., and prior thereto for White, Wyeth & Co.

(Special to The Financial Chronicle)

PORTLAND, ME. — **Albert E.** Gibbons is now associated with **H. M. Payson & Co.**, 93 Exchange St. Mr. Gibbons was previously with Harriman Ripley & Co., Inc., and its predecessor firm for many years.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Albert B. Dewing, W. W. Gay, Hartley Hutchings** and C. R. Pettit have joined the staff of **Sutro & Co.**, 407 Montgomery St. All were previously connected with Revel Miller & Co.

(Special to The Financial Chronicle)

SANTA MONICA, CALIF. — **Frank J. Townsend** has become associated with **Pacific Co. of California**, 623 South Hope St., Los Angeles. Mr. Townsend was formerly Local Managed for Merrill Lynch, Pierce, Fenner & Beane, and for Banks, Huntley & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH. — **John M. Brazier** has been added to the staff of **John R. Lewis, Inc.**, 1006 Second Ave. Mr. Brazier was previously with Merrill Lynch, Pierce, Fenner & Beane.

Robert H. Watson Now With F. S. Moseley

(Special to The Financial Chronicle)

CHICAGO, ILL. — Robert H. Watson has become associated with F. S. Moseley & Co., Field Building. Mr. Watson for the past 10 years has been associated with Blyth & Co., Inc., representing them in the Middle West, and was Manager of their St. Louis office. Prior thereto he was with Chase Harris Forbes Corp., and was Manager of the Bond Department for the Dime Bank of Ft. Wayne, Ind.

Ralph Bloom Now With Mitchell, Hutchins Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Ralph M. Bloom is now associated with Mitchell, Hutchins & Co., 231 South La Salle St., members of the New York and Chicago Stock Exchanges and other leading exchanges. Mr. Bloom was formerly with Langill & Co., specializing in real estate bonds and stocks. Prior thereto he was with Kirstein & Co.

James Hunt To Manage Trading For Hood Co.

DETROIT, MICH.—James H. Hunt has become associated with L. T. Hood & Co., Buhl Building, as manager of their trading department. Mr. Hunt was formerly manager of the trading department of S. R. Livingstone & Co. and prior thereto was with Palmer, Everham & Co. and Alison & Co.

Parks At Goldman Sachs

ALBANY, N. Y.—Gardner F. Parks, for a number of years in business in Albany as an individual dealer, has become associated with Goldman, Sachs & Co., 30 Pine Street, New York City, members of the New York Stock Exchange. In the past Mr. Parks was New York State representative for Gertler & Co., Inc., and was Albany manager for Bankamerica-Blair Corp.

Oil Royalties Interesting

An interesting list of current offerings of oil royalties as filed with the Securities and Exchange Commission has been prepared by Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association. Copies of the list may be had upon request from Tellier & Co.—ask for Schedule "A."

J. F. Reilly To Move

J. F. Reilly & Co., members of the New York Security Dealers Association, announce that on May 16 their offices will be moved from 50 Broad Street to 71 Broadway. Telephone and teletype numbers will remain unchanged.

UP-TOWN AFTER 3

NEW MOVIES

"This Above All" (20th Century-Fox), Tyrone Power and Joan Fontaine; with Thomas Mitchell, Henry Stephenson, Gladys Cooper, Nigel Bruce and Philip Merivale. Directed by Anatole Litvak. The Eric Knight best seller from which this picture was taken concerned itself with a philosophy of a disillusioned veteran of Dunkirk who fought to change the England he knew. A member of the lower middle classes he had suffered from the mistakes of the upper classes who he felt had brought his country to the brink of ruin. After Dunkirk, disgruntled and disappointed with the status quo, he deserted. But from here on the original story and the picture take different roads. He meets a girl on a blind date, a member of the WAAF, a daughter of the ruling classes he despises. At this point the Hays' office takes over. A week-end in the country becomes one of those highly improbable, but perfectly proper things. Finally the softening influence of love causes the boy to change his mind and go back to the army. All throughout the picture the hero is guided by Hamlet's ". . . to thine ownself be true." The sudden abandoning of his belief is never satisfactorily explained. But if the story structure is weak the acting is not. Tyrone Power as the confused boy is effective if not convincing. Joan Fontaine as the WAAF girl is charming. . . . **"Broadway" (Universal), George Raft, Pat O'Brien, Brod Crawford, Janet Blair, Anne Gwynne, Marjorie Rambeau.** An intriguing story with a biographic slant supposedly based on the life of George Raft himself. Raft, now a movie star, arrives in New York. While poking around a Broadway bowling alley, once the site of a night club where he got his start, he runs into the watchman and both begin reminiscing. In a flashback the story takes you back to the prohibition days of bootleg gin, hijackers and gang fights. It's an interesting picture and keeps your attention all the way. . . . **"Syncopation" (RKO), Adolphe Menjou, Jackie Cooper, Bonita Granville.** Some time ago the SEP ran a music popularity poll to determine the All American Dance Band. This picture is the result. As an answer to a jitterbug's prayer it has everything—top bands and hot music, some of it really excellent. But as adult entertainment with a sustained story to support it, it falls considerably short of even mediocrity. It's about how music from the deep South comes to Chicago and, after trying times sweeps the country. **"The Mayor of 44th St." (RKO), George Murphy, Anne Shirley.** This one also takes music and musicians as its central theme. It has to do with bands, how they're booked and how racketeers muscle in. At best it's a dull story though it has the music of Freddy Martin and his orchestra to sustain it.

ABOUT-THE-TOWN

Don Julio's (40 W. 8th St.), a typical Village night spot that claims to be the only Mexican night club in New York. A down cellar place, its entertainment and music is of the Latin variety. Some of it is pleasant and some just noisy. Don Julio (a dead ringer for Paul Whiteman) acts as m. c., comes on with a revolver shooting blanks on the theory that no sleeping while the show is going on. . . . **The Ice Terrace of the Hotel New Yorker** has a new show, "ICETOPPERS," that is about everything its enthusiastic press agent can claim for it. Starring Johnny Long and his orchestra, a sweet outfit; Bob Russell, m. c., who has one of the pleasantest singing voices we have heard in some time; the show is fast, interesting and eye and ear provoking. It's presented in a series of scenes, starting with a romance interrupted by the draft. Then there is a dream sequence followed by a Hawaiian setting that is something to see. With Bob Russell singing effectively in the background the girl skaters go softly through South Sea dances. The final scene is gay 90's with the girls dressed in the costumes of the period. The whole thing adds up to what is probably the best ice show the New Yorker has had in some time. . . . **Hotel Woodstock (127 W. 43rd)**, a side street hotel with a dining room cuisine that puts some of our grander hotels to shame. The dining room, done in Old English, overlooks the lobby which seems to be a beehive of activity. Next time you go to the theatre suggest you try the Woodstock for dinner. Not only is the food worthwhile but its location leaves you within easy walking distance of the theatre. . . . Our West Coast correspondent writes recommending **Bert Rover's Paris Inn (210 E. Market St., Los Angeles, Calif.)**. Says Fred Germano, headwaiter, "is a swell guy" and sums it up with ". . . good show and lots of fun here." While waiting for the Army to call me I went to **Maggi McNellis'** cocktail party at **Armando's** last week. Party was arranged to unveil Maggi's portrait, painted by Natalie Faber. While I don't know a thing about art I do know that Maggi is an attractive wench. But the portrait looks like a surrealist's impression of a Dali dream. The party, however, was a huge success. Maggi, sporting a green veil and a forest of orchids, sang "Twiddling My Thumbs." And can she sing it! **Eleanor (Rainbow Room) French** sang, **Ted Straeter** (Kate Smith's program) sang and played. Even **Jimmy Bryant**, turned song plugger, tried to impress with his latest brain child. But everybody was too intent on drinking Armando's place dry to pay much attention. Poor **Morton Downey** was in a position of the guy "who brought his harp to a party and no one asked him to play." No one asked him to sing. **Peter Arno** looked like he wanted to do something but he, too, wasn't asked. It was all very sad. Even **Danton Walker** tried to look self effacing as **Peggy** (Keep 'Em Laughing) **French** made him the subject of her song, "How I Subscribed to Liberty Magazine." Me? Oh, I tried holding hands with Maggi.

To Admit van de Rovaart

Harry van de Rovaart has become a partner in Combs, Maxwell & Potter, 25 Broadway, New York City, members of the New York Stock Exchange. Mr. van de Rovaart will act as alternate on the floor of the Stock Exchange for Richard P. Combs.

Tomorrow's Markets Walter Whyte Says—

Market feeling offerings. Reaction now indicated. Don't expect any "testing of bases." If any reaction carries prices back to recent lows, it will go lower. Suggest coming setback be used to buy stocks.

By WALTER WHYTE

Another week has gone by and instead of the market going down, it managed not only to hold most of the previous week's gains, but in some stocks add to them.

* * *

Now, no one likes an advancing market more than I. But to lull oneself into a feeling of confidence that all this market needs is a few day's rally to change it over from the dull listless draggy affair to a rip snorter of a bull market is not only silly; it's dangerous. Yet, during the last two weeks, the market has done a nice job. It managed to lumber forward against what seemed like heavy offerings and instead of being scared to death on meeting them, a condition with which we have been only too familiar, stood its ground. And, as previously mentioned, some stocks were even able to go through their offerings.

* * *

The question now uppermost is: What will the market do from here on? There are three possibilities. It can stand still. It can continue going up. It can go down. Obviously the news will continue to play a major part in whatever does happen.

* * *

Up to this writing the news has been, for a change, good. The apparent victory of our navy in the Coral Sea and the Malta defeat of the Axis planes were both encouraging. But the continued sinkings of our ships off the Atlantic shore is certainly not good news. It is bad news. Our ships are sunk at a faster rate than they come off the ways. Still, it seems to me, that the market has full knowledge of this news, because in spite of its mixed nature it has not acted as a market that is ready to resume any down swing.

* * *

Some time ago a large financial house conducted a survey among market technicians to determine their opinion on the market trend. As of the beginning of April the survey showed that the majority believed the market would react to about 90-95, using Dow averages, with 95 as the favorite choice. At the end of April another survey brought out a still lower figure—85-90, with the lower figure attracting the majority. It is interesting to note that these were for short term. For the long term outlook, the opinion was almost unanimously optimstic.

* * *

I don't know what such a survey would uncover today, and I don't care. I don't like long term market predictions and hemming and hawing about the short term ones. Most stock minded people do not give a hang about what will happen say a year from today. It's what will be seen a week or a month from now that counts.

* * *

So to get back on the track.

* * *

I believe that the market will go up within the next two weeks to a month. In the meantime, I look for a combination of the two actions to dominate: slow reaction and dullness. On this reaction and dullness, I suggest that stocks be bought, or at least that holdings remain undisturbed. There is an outside chance that, instead of either or both of the above happening, the market may continue going up. If this occurs, the technical position of the market may be so impaired that selling would be advisable.

* * *

Of the various groups that make up the market, the steels, airplanes and coppers, act badly. On the other hand, the specialties and manufacturing, some rails and utilities act well.

* * *

Among these you theoretically hold the following: Atchison (now about 36¾) was bought at 35½-36. During the setback it managed to stay above its critical 34 level. Hold. International Harvester (now about 43) was bought there. Its stop, 41½, was never broken. Hold. Union Carbide (now about 61½) bought at 59, kept above the 57 stop point. Hold. Western Union (now about 26) bought at 25½, threatened the 24 critical figure a few times, but never lived up to its threat. Hold.

* * *

Of the other stocks, I think the following deserve more than passing attention. Air Reduction, now about 32, can be expected to sell off to

(Continued on page 1857)

RAILROAD SECURITIES

The railroad bond market as a whole has turned laggard in recent periods (apparently dating from the return of Laval to power in France and aggravated by a resumption of interest in industrial and utility equities since the tax bill has begun to take form), but there is one small section that continues to attract consistent buying interest. The favored, although not widely publicized, group is that list of underlying liens still selling at substantial discounts despite the importance of properties covered and well substantiated earning power. The impregnable position of such liens has been amply demonstrated by the attitude of the Interstate Commerce Commission and the courts in reorganizations now under consideration, highlighted last week by the action of underlying liens of Missouri Pacific.

The Alleghany interests, in outlining an alternative plan of reorganization for Missouri Pacific, proposed that the Pacific Railroad of Missouri mortgages and the Missouri Pacific 3rd Extended 4s should be paid off in cash with funds now in the treasury. In its plan, the Commission had effectively proposed the same treatment in providing that the coupon rate on the notes to be offered in exchange for the old underlying liens should carry interest at the rate of 3½%, or such other rate as would be necessary to make the new notes sell at par on issuance. Mounting evidence of the fact that operation of Section 77 of the Bankruptcy Act will not jeopardize the status of well situated mortgages as had been feared in the beginning, has also brought about a regeneration of investment confidence in the underlying mortgages of the solvent marginal roads.

Many rail men are now urging their clients to concentrate their buying on liens of this type, pointing out that in many instances they are selling substantially below similarly situated mortgages of roads actually in reorganization, and that bankruptcy of the obligor would likely improve, rather than detract from, the market position of a marginal road's best mortgages.

One of the issues being recommended on this basis is the Pennsylvania & New York Canal & Railroad Consolidated Mortgage. This mortgage is outstanding in three series in the aggregate amount of $8,500,000, all maturing in 1949 and with coupons of 4%, 4½% and 5%. Prices range from around 62 for the lowest coupon series to approximately 73 for the 5s. The road is a leased line of Lehigh Valley and in the Chandler Act readjustment of the latter the maturity of these bonds was extended for ten years from 1939 with the interest rates unchanged.

The road consists of some 123 miles of line and is right at the heart of the system. It is essential to operation of Lehigh Valley. The main segment consists of 96.56 miles from Wilkes-Barre to the New York State line at Sayre which is completely double tracked and forms the central portion of the main line from Buffalo to New York. With the exception of terminal properties it is the heaviest density section of the system and many analysts consider it an element of strength that, in relation to other parts of the system, it is not so heavily dependent on coal. The basic deterioration in anthracite coal traffic has been one of Lehigh Valley's major difficulties.

Indicated earning power of the mileage is high and it is generally believed that holders of the bonds would not be called on to make any sacrifice (except perhaps another maturity extension) even in a drastic reorganization. In this respect it is believed that the position of the bonds is further enhanced by the fact that it is a leased line rather than a direct Lehigh Valley lien. Under present bankruptcy laws, and judging by past procedure, a sound leased line mortgage with well demonstrated earning power is less apt to suffer even a temporary interruption of interest in reorganization than is a similarly situated direct lien of the bankrupt road. The Bankruptcy Act denies mortgage holders the right of foreclosure. In contrast, non-payment of rents may still bring exclusion of the lessee from utilization of the leased property. A case in point is the "Terre Haute" line of Chicago, Milwaukee, St. Paul & Pacific, where full interest has been paid on the leased line obligations throughout the reorganization proceedings even though the plan submitted by the Commission and approved by the District Court contemplates that a portion of the "Terre Haute"

(Continued on page 1858)

THE BOND SELECTOR

CONSOLIDATED TEXTILE DEBENTURES

Income 5s, Due 1953, Considered An Interesting Speculation

Consolidated Textile Co., Inc., manufactures a wide variety of cotton goods, including napped flannels, percales, printed napped flannels, crepes, fine brown sheetings, drills, print cloths, twills, and a number of printed and dyed fancy cotton fabrics. Its products are sold under established trade marks in both domestic and foreign markets. The company recently stated, "The present production of textiles is the largest in history. It is conservatively estimated that at least 50% is for various government purposes. About 55% of the fabrics manufactured by this Corporation's Southern Division is for the war effort, while all of the production of the Windsor Print Works Division is for civilian purposes."

Under terms of a reorganization plan as amended Feb. 24, 1938, this company was formed to take over the business of Consolidated Textile Corporation, which had been organized in 1919. The reorganization plan provided for the issuance of $500 in new 5% income debentures, due 1953, for each $1,000 principal amount of the old 8% convertible bonds due in 1941. In addition, each of the old bondholders received 100 shares of common stock of the new company per $1,000 principal amount held.

At Feb. 28, 1942, at the end of the company's semi-annual fiscal period, there were $1,258,225 of the 5% income debentures, due 1953, outstanding. On Sept. 4, 1941, Consolidated Textile redeemed 9.34% of the original face amount of the bonds, so that each holder of an original principal amount of $1,000 should have his bonds stamped, evidencing the payment of $93.40 and showing that his principal holding now is $906.60 rather than $1,000.

Although termed "debentures," the 5s, 1953 actually are secured by a lien on the company's Lynchburg Cotton Mill, the Windsor Print Works, and the company's copper rolls, subject to the prior lien of $105,652 3% certificate of indebtedness. This certificate of indebtedness is secured by a lien on all property except the Ella Cotton Mill. The company's net property account at Feb. 28, 1942, was carried at $885,545 (including copper rolls at an estimated value of $58,776). Since the company states that the "corporation's three plants are very old and contain much obsolete equipment—," the security behind the 5s, 1953, should not be given too much weight; rather should they be evaluated on the basis of earning power.

In the 1941 fiscal year, ended Aug. 30, Consolidated Textile reported sales of $5,794,000, a gain of 48% over 1940. Income available for fixed charges was $294,145, so that income bond interest requirements of $70,351 were earned 4.2 times. Interest on the debentures is payable as earned, and cumulative. All interest accrued to May 15, 1942, amounting to $145.81 on each $906.60 unpaid principal amount, will be paid May 15 to holders of record May 5.

The following shows the income account of Consolidated Textile for the 6 months ended Feb. 28, 1942:

Net sales	$4,228,078
Operating income	717,990
Depreciation	34,741
Available for interest	683,249
Debenture interest	31,314
Fed. income & excess profits tax	430,000
Net income	221,935
Times debenture interest earned	21.88

The company's financial condition at Feb. 28, 1942, was only moderately good, with net working capital of $701,665, equivalent to $514 per $1,000 of debt outstanding. Cash stood at $494,386, receivables $403,689, inventories $765,996, and total current assets $1,664,000. Total current liabilities of $962,406 included $188,906, representing the accrued debenture interest payable May 15.

At this writing, the bonds are quoted 50½-52 which quotation represents percentage of unpaid par value of $990.60. These bonds are believed to have speculative possibilities for those who are prepared to entertain the obvious risks inherent in a situation of this nature. Those holders of the old 8s, 1941 should turn in their bonds, for which they will receive $500 in new 5s, 1953 and 100 shares of common for every $1,000 face amount of old bonds. The new common sells around 1 1/16.

Bank Stocks Attractive

Mackubin, Legg & Co., 22 Light St., Baltimore, Md., members of the New York and Baltimore Stock Exchanges, have issued a circular stating why they believe that selected bank stocks should be included in every investment and semi-investment account.

The firm's bank and insurance stock department has also prepared an interesting memorandum on insurance companies which write a substantial percentage of ocean marine business, summarizing the current situation in these issues, and comparing distribution of 1940 and 1941 net premium volume by percentage for fire, motor vehicle, and ocean marine insurance for the various companies.

Copies of both circulars may be had from the firm upon request.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40%, low—14¾, last 37½.

Bank and Insurance Stocks

This Week — Insurance Stocks

As the 1941 operating experience of insurance companies unfolds itself statistically, one of the bright spots is the favorable casualty company operating experience, which appears strong enough to withstand any reasonable deterioration caused by general conditions.

In the first place, underwriting operations, thanks to sounder underwriting practices and success in obtaining heavier volume at adequate rates, entered the period of actual U. S. participation in War at a good profitable level. Best's compilation indicates underwriting profit, based on a combined loss and expense ratio of 91.8% for 1941, which equalled the previous record-breaking year 1939. That year in turn climaxed eight successive years of steady improvement, during which the combined loss and expense ratio declined successively from 108.2% in 1932 to 91.8% in 1939. In fact, the last six years have been the best underwriting years in the history of the casualty companies, the combined loss and expense ratios indicating an underwriting margin of nearly eight points during that period, averaging about 92%.

This progress is particularly indicated by the loss ratio alone, which declined from 66.3% in 1932, successively to 50.7% in 1939, and has since risen only two points, to 52.7%, despite general conditions conducive to higher losses. The expense ratio also dropped, from high of 41.9% in 1932 to 38.1% in 1936, rising then to 41.1% in 1939, but resuming decline with 40.8% in 1940 and 39.2% in 1941.

Such being the record of the recent past, what of the future? Under wartime conditions, an increased exposure to losses seems inevitable; for example, automobile accident frequency has increased, and number of workmen's compensation claims has risen as sustained high level of production and larger number of newly trained workers cause more industrial accidents. As labor and material costs edge up further, also, auto collision and property damage losses as well as those on surety bonds will rise.

All these factors concededly indicate a likely continuation of the creeping rise in loss ratios. However, to begin with, casualty companies' underwriting margin is good and is large enough to absorb reasonable reduction with the help of adequate rates and declining expense ratio. The casualty business appears definitely past the boom years' slipshod rate and expense practices, when volume was the sole consideration, and this increased attention to efficiency means that there is a good chance that underwriting will remain in the black.

If so, then stockholders and investors in insurance stocks should find casualty stocks of increased investment interest, for if their underwriting remains profitable, their growth factor would continue relatively high, and they would be coming out of this war with stronger investment values. Already, it should be noted that the casualty business, once the "ugly duckling," enjoys superior underwriting margin and at least equal volume importance compared to the fire companies.

The current soundness of the casualty companies' underwriting is especially indicated by Best's analysis that out of seventeen lines of casualty coverage, only two minor volume lines were unprofitable (on combined loss and expense ratios) in 1941. These were auto property damage (7% of total premium volume), with loss ratio of 75.8%, expense ratio of 37.6% and statutory underwriting loss of 15.7%; and auto collision (2% of total volume), with loss ratio of 66.5%, expense ratio of 39.8% and statutory loss of 10.9%.

By contrast, the "big three" volume lines all were well in the black—auto liability (25% of volume), with loss of 57%, expense ratio of 36.6% and profit of 4.2%; workmen's compensation (21% of volume), with loss ratio of 64.1%, expense ratio of 29.5% and profit of 5.3%; and accident and health (18% of volume), with loss ratio of 54.6%, expense ratio of 39% and profit of 5%. Liability other than auto, the other fairly large line (9% of volume) was also well in the black, with loss ratio of 40.3%, expense ratio of 44.4% and profit of 13.2%.

These are satisfactory margins, capable of absorbing substantial deterioration before becoming unsatisfactory.

As the second broad reason for deeming the casualty companies well equipped for wartime operation, the investment portfolios of casualty companies, consisting in largest part of cash and high grade bonds, afford better than average stability from both the investment income and market fluctuation standpoints. Casualty companies' reports show that about three-fourths of their assets consist of cash, agents' balances not over ninety days due, and bonds. Of the bonds, which total about half of the assets, Government bonds alone are about two-thirds of total bonds and one-third of total assets. As the inflow of expanded premium volume continues, these ratios of cash and bonds will probably increase, because most companies prefer not to add to stock holdings at this time of uncertainties, even over and above their policyholders' funds.

This concentration in liquid assets would not normally afford much prospect of capital appreciation as an aid to growth in surplus, but under wartime conditions highlighted by economic regimentation and high taxes which eliminate much of the appeal of equities, it appears to be the most feasible under the circumstances. Bond interest, for example, will not be affected by higher taxes at the paying end, although of course at the receiving end, insurance companies will be subject to lower net return after taxes.

Most casualty company dividends, however, appear to have a good degree of protection, principally on three counts:

(1) Investment income mainly derived from bond interest will be stable in volume;

(2) Additional investment of new funds will add to gross investment income;

(3) There currently exists a fair cushion over and above present dividends, in the nature of a primary reserve for protection of dividends.

Current dividends, both regular and extra, of a group of thirteen leading casualty companies were 89.8% of 1941 investment income of these companies, a 10.2% cushion. True, the high degree of liquidity means low yields on investments—yet investment income increased 5% for casualty companies in 1941, and has shown an increase in each of the past three years, largely because of larger volume of invested funds.

There is no such thing as any security immune from wartime influences, of course, but it would seem that dealers and investors well aware of the merits of insurance stocks as superior equity investments would find the casualty companies in a particularly strong position to face the future.

Correction

In the May 7th issue of the "Financial Chronicle," it was reported that Thomas A. Akin had become first vice-president of the National Security Traders Association, when the new officers were appointed after the resignation of Captain Herbert H. Blizzard, formerly president of the Association. The Executive Council of the Association appointed William Perry Brown of Newman, Brown & Co., Inc., New Orleans, La. first vice-president of the Association.

Thomas A. Akin is a member of the Executive Council of the Association.

Ins. Dividend Outlook

Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. have just issued an interesting circular discussing in detail the dividend outlook for insurance stocks, which the firm considers very optimistic. Copies of this circular and the April Insurance and Bank Stock Evaluator, which contains a comparative analysis of 85 insurance companies and 36 banks, may be had from Butler-Huff & Co. upon request.

The Securities Salesman's Corner

Some Observations About Security Merchandising And Promotion Under Today's Handicaps.

What do the leading grocery chains do when they want to put on a sale and increase their business? Or any of the other leading exponents of modern merchandising methods in the chain store or variety field? Do they hide all their most attractive items behind the counter where no one can see them? Do they run advertisements in the papers that are so involved and filled with technical explanations that no one takes the time or trouble to read them? Or do they pick out the best known, most popular items, and using the maximum of promotion material at their command, do they proceed to tell the public their story?

We do just the opposite in merchandising investment securities. If we find an issue of securities that we wish to bring before our clients, the first thing we do in these days of SEC supervision of the investment business, is to tell our statistical department to get up a report. Then the partners look it over. Then the legal department has its say about what could be included and what should be left out. Then, if anyone in the firm knows someone over at the SEC, we take the now thoroughly emasculated monstrosity over to their offices, and some young lawyer who never sold anything in his life, and who knows even less about investments, begins to tell us what else to leave out here and add there. When the thing comes back, it might as well go into the waste basket for all the good it will do anyone—either he who sends it or those who receive it.

If you think this is putting the case too strongly, then you just don't know how much direct mail advertising that emanates from investment firms goes into the wastebaskets of America. In our opinion, you are never going to see a real securities business again in the United States of America until the half-baked administration of the restrictive, strait-jacket, laws that we now labor under in this business, is tossed into the same wastebasket that most of our security advertising is now forced to go into.

Here's the way we'd like to write a letter to our clients right now. Here's the way we think the advertising department of a great chain store might do it. We don't know whether the SEC would pass this and we are not suggesting to any of our readers that they try it. Nevertheless, we think it's got more real "sell appeal" in it than all the long drawn-out analyses that could be written on the subject:

Dear Mr. So and So:

Would you like to keep your money in the bank and receive an income return of approximately 5%. In addition, you could have your money invested in one of the largest banks in the United States. The National City Bank of New York.

This is possible. The only thing you have to do in order to increase your income from present low levels of 1½% to 5% is to change over from a deposit account in the bank where you now keep your funds to the capital account of the National City Bank of New York.

No one needs any introduction to the National City Bank, but as investment dealers in this community, we feel it is our obligation to call attention to attractive investment opportunities when they present themselves. This is the first time since the lows of the depression that the shares of this great financial institution may be purchased to yield such an attractive return.

Please return the enclosed card today for further information.

Yours very truly,
BLANK & CO.,
Investment Securities.

P. S.—As you doubtless know, dividends have been paid continuously by the National City Bank for 128 years.

This letter, we think, follows the lines of correct procedure. It talks about a stock that is known from coast to coast. It is short and to the point. It shows how an increase in income can be procured. It brings out the bargain appeal (first time since the depression lows, etc.). It asks for action **today.** The card reply is convenient. The P. S. adds to the conservatism of the offering.

And SEC or no SEC, what's wrong with such a letter—and what's wrong with selling people stocks like National City Bank or any other sound security. If this country is going to remain America, this sort of security on a 5% basis should be sold to people. But how in Hades are you going to sell them if, every time you try and use a bit of practical salesmanship, you have to look back over your shoulder to see if some narrow-minded, young lawbook with pants on, isn't running after you and yelling, "you can't say that, it's not allowed under section X, paragraph 3 of rule number three million and ten."

You figure it out—it's too much for us.

Henderson Materials Dir.

The resignation of William L. Batt as Director of the Materials Division of the War Production Board and the appointment of A. I. Henderson, Deputy Director, as his successor, was announced on May 12 by Donald M. Nelson, WPB Chairman.

Mr. Batt will continue to serve as head of WPB's Requirements Division, as American representative on the British-American Combined Raw Materials Board, as Chairman of the United States-Canada Coordinating Committee, and as coordinator of the Russian aid program.

Ira Griffith In Boston

(Special to The Financial Chronicle)

BOSTON, MASS.—Ira F. Griffith has opened offices at 53 State Street to engage in a general securities business.

Curb Govs. Approve New Commission Rates

The Board of Governors of the New York Curb Exchange at a regular meeting held on May 6 voted to submit to the members amendments to the Exchange Constitution giving effect to the recommendations of the Committee on Communications and Commissions for a new schedule of commission rates. In its May 6 announcement the Exchange stated that "the proposed new rates would have effected an increase of 20 to 21% in total non-member commission revenue during the last six months of 1941 and also during two recent days, according to studies made by the Committee of the actual trading volume for those periods." It is added that the recommendations involve no changes in commission rates for bonds or for stocks selling under 8/32 of $1 per share.

With respect to the proposed increases, the Curb's announcement says:

> For non-member rates an increase of 50¢ per 100 shares is proposed for stocks selling at 8/32 of $1 and under 50¢. For stocks selling at 50¢ and up to $10 per share a flat increase of $1 per 100 shares is proposed. The proposed commissions increase progressively at the rate of ¼ of 1% of the selling price on stocks selling over $10 and under $90 per share. At $90 per share and above a uniform commission of $35 per 100 shares would be charged. On transactions involving $100 or more the present minimum commission of $3 is to be raised to $5.
>
> An increase of approximately 10% over existing regular and associate member give-up rates is proposed for stocks selling at 8/32 of $1 and over. Increases of 10% and over are proposed in regular and associate member clearance rates on stocks selling at 8/32 of $1 and over.

From the announcement we also quote:

> Another amendment is proposed which would enable the Committee to determine and fix special commissions for rights and warrants and for when-issued securities.
>
> The Board of Governors also adopted amendments to the rules so as to permit special offerings with a special commission to the purchaser's broker. These special offerings are limited to securities covered by the recent ruling of the Securities and Exchange Commission on special offerings and, except in special circumstances, are limited also to offerings involving at least 1,000 shares of stock or shares having an aggregate market value of $25,000, whichever is greater.
>
> The Board of Governors at the same meeting voted to submit to the membership another constitutional amendment further clarifying the status of temporary member firms.

Wm. Johns To Be Feted

William H. Johns, Chairman of the Board of Batten, Barton, Durstine & Osborn, Inc., its first President, and one of its three founders, will be honored today at a luncheon in the Hotel Roosevelt celebrating his 50 years in the advertising profession.

Mr. Johns became associated in 1892 with the George Batten Company, later serving as Vice-President and President of that advertising agency. During the first World War he was appointed by President Wilson as Chairman of the advertising division of the Government's Public Relations Committee. With the merger of Barton-Durstine-Osborn with the George Batten Company, Mr. Johns became President and served in that capacity until 1936.

Investment Trusts

Investment Company Briefs

Notwithstanding the declining price trend for stocks and the continued low level of stock transactions on leading securities exchanges, the dollar volume of Dividend Shares purchased by investors in April 1942 materially exceeded that of April, 1941, it was reported in Calvin Bullock's *Bulletin*. As of April 27, 1942, the dollar volume of Dividend Shares purchased in March and April, 1942, was 59% greater than in the same two months in 1941.

It was also reported in the *Bulletin* that during the three months ended March 31, 1942—a period during which the volume of transactions on the New York Stock Exchange was at its lowest level in any three months' period for many years—the management undertook portfolio revision with respect to 16 different securities. After giving effect to these changes, the portfolio on March 31, 1942, expressed in terms of $10,000 of net assets, was diversified among 99 stocks of 97 corporations in 20 industrial groups.

* * *

No bonds were added to or eliminated from the Manhattan Bond Fund portfolio during the month of April, although changes were made in the relative percentage weightings of some of the issues held.

Manhattan Bond Fund, Inc., reports that practically all of the companies represented in the portfolio have, by now, issued their statements for 1941. On average, interest requirements were earned slightly more than twice; the highest ratio which has existed during the life of the Fund.

* * *

Speaking of the purchase of war bonds in his message of April 27, President Roosevelt said:

> If these purchases are to have a material effect in restraining price increases they must be made out of current income.

"The basic purpose of war bonds is to 'soak up' excess current income—not to transfer holdings of private securities from individuals to banks (which is what must happen if people in general sell corporate securities in order to buy war bonds).

"The proper procedure for the individual is to keep a mental, or written, division between his capital and his income accounts. The latter, as much as possible, should be directed to war bonds. The former, representing his capital, should be invested in corporate securities according to his best judgment. This program, and this alone, squares with the national purpose." . . . from Lord, Abbett's *Abstracts*.

* * *

A breakdown of the portfolio of Selected American Shares, Inc., as of April 30, 1942, shows 11.3% of the assets invested in railroad securities and 11.2% in oils. The next highest percentage investments are 9.5% in metals and 8.6% in chemicals. Of the total assets, 87.1% was invested in common stocks, 2.4% in preferred stocks, 4.7% in bonds, and the remainder 5.8% in cash.

* * *

A common sense discussion of the new price ceiling regulations is presented in the May 7, 1942,

issue of Investment Timing service published by the National Securities & Research Corporation. The economic experience of other countries is briefly reviewed in addition to discussions of the problems of manufacturing and wholesaling and operations of price ceilings.

"Britain has gone about price regulation, if anything, in a more piecemeal manner than we have," it is stated in regard to the experience of others, "and much dissatisfaction has been expressed. But the rise in the British cost of living, which was 28% from the opening of the war to April, 1941, when price standards were widely applied, has been only 1% since.

"Canada's price ceilings are much more complete than ours, with only seasonal vegetables, furs and direct sales by farmers excepted. Wage rises as such have been stopped, but a 'cost of living' bonus is given to equalize earnings. However, no increased bonus has been necessary since December, and since the first of that month, when price ceilings were imposed, the cost of living has scarcely risen. Subsidies have also been adopted.

"Stock prices in both countries have behaved better than here; in England, they have actually risen while earnings and dividends fell. This has been partly attributed to the use of excess purchasing power to buy securities."

* * *

"It is quite true that a rise to 4% for primary interest rates could cause losses of 20 or 25 points in highest grade moderately long-term bonds, but why should such an occurrence depress or even impede the further rise of junior issues earning their interest by an adequate and increasing margin and selling to yield nearly double or more than double the 4% figure?

"Don't forget the great attractiveness of such bonds for the income-conscious investor who fears the inroads of taxes on dividends.

(Continued on page 1858)

Municipal News & Notes

Suggestions for constructive national-State-local tax action in view of necessary and increasing war requirements, coupled with sharp criticism of certain current proposals in the Federal tax field, has been expressed by the National Council of Real Estate Taxpayers to the House ways and means committee.

The taxpayers' group warns against current proposals which would increase the present conflict, competition and overlap between Federal Government and State-local government. Typical of such proposals, the statement says, is that advanced by the National Association of Manufacturers and some chambers of commerce, which suggest that the net income tax as outlined by the U. S. Treasury Department be softened and a general sales tax imposed.

"These proposals would add to the existing confusion without materially improving the revenue structure of the Federal Government. If adopted, they would tend to weaken the local and State financial structure," the council holds.

"Historically, the Federal Government has had primary rights in the net income tax field, and by implication the States have had the sales tax as their field. If the income tax is to be the field of the Federal Government, then any action by the Federal Government further invading the States' field of revenue is basically unsound," the council declares.

"Federal taxation for war purposes must be greatly increased. But in the meantime local and State government finances, which feel also the impact of increased demands, find many tax sources drying up. Decreased use of automobiles, reduced stocks of local merchandise, etc., already have been reflected in reduced State revenues. The property tax for many years has been at the point of diminishing returns. In this situation serious further incursion of the Federal taxing power into local fields, as through Federal sales taxes, would weaken the financial stability of our cornerstone local and State governments, and so tend to weaken the entire national fnincial structure."

Municipalities Seen Facing Revenue Problems

Carl H. Chatters, executive director, Municipal Finance Officers Association, speaking before the Regional Conference on Emergency Fiscal Problems, at its meeting in New York last Friday, said the war has aggravated municipal problems. He pointed out that while the cities were continuing and in many instances were increasing services, their revenues were decreasing. The situation, he declared, was becoming serious.

John F. Sly, Professor of Public Affairs, Princeton University, spoke on "Can State and Local Government Services Be Curtailed to Aid the War Effort?" He declared that with decreasing revenues from taxes, many services would have to be curtailed. Such curtailment, he said, would have to be done intelligently.

Fiscal Unity Urged for U. S., States

Speaking at the same conference, Harold D. Smith, director of the Federal budget, outlined a broad program for harmonizing State financial policies with President Roosevelt's war-time inflation control program.

Mr. Smith contended that this was not a proper time to reduce State and local taxes. He urged the States to cut down operating costs while maintaining tax rates at present levels. Accumulating surpluses, he said, should be used to pay off debts or to build up balances to finance post-war improvements.

"State policy during this war," Mr. Smith said, "should have three central objectives: to strengthen the war effort, to preserve the quality and vitality of the State and local governments, and to prepare for the post-war world."

Property Tax Assessments May Decline, Tax Rates Rise by 1943

Real and personal property assessments probably will decline and tax rates rise within the next two years as a result of changes brought on by the war, a report by the National Association of Assessing Officers showed last week.

Full impact of war changes on property assessments will not appear until 1943 or 1944 for two reasons, according to the report, which was based on information from assessors throughout the country. The reasons:

Most of the large amount of building construction completed in 1941—of which $5,200,000,000 in private construction is nearly all taxable — will be assesed for the first time this year. And the high value of merchandise inventories, built up by buying at the end of 1941 in anticipation of shortage, should result in increased property assessments in 1942 at least.

In two years or so, however, local tax rates in many localities may be increased sharply if the property tax is to continue supplying 80% of total revenue, as it has in recent years. Almost all ordinary expenses of government are increasing because of salary raises and increased costs of materials and supplies, it was pointed out. In addition, new and expensive defense activities are being added.

Factors contributing to the reduction of revenue from the property tax, according to the report, which appears in the current issue of "Municipal Finance," are as follows:

1. Land taken over by the Federal Government for military and naval establishments and other tax exempt uses is increasing in amount.

2. Curtailment of automobile use will destroy or greatly reduce utility of the large number of real estate parcels used for dealers' salesrooms, service stations, public garages, parking lots, tire stores, gasoline stations, etc.; consequently, rents, then market values and finally, assessments, will decline.

3. Curtailment of automobile usage will reduce the value of properties dependent on this form of transportation—urban properties removed from car and bus lines, suburban home sites, golf clubs and resort properties.

4. Stoppage of production of various kinds of goods will result in wiping from the assessment rolls manufacturers' inventories of machinery, raw materials, goods in process, and finished products. This applies especially to "durable" commodities, such as automobiles, furniture and fixtures.

5. Occupants of properties housing other types of businesses, such as hardware and building supply stores, will suffer decreases in sales because of priorities and will seek reduced rents, which in turn will make landlords demand reductions in assessed valuations in hope of reducing their taxes.

6. Stoppage of private building construction except in areas important to the war effort will practically erase this form of annual increase in assessment rolls.

Some types of real estate, such as private residences, amusement places, warehouses and parcels near public transportation systems may possibly rise in value, according to the report.

State Income, Sales Tax Collections Up; Motor Fuel Revenues Decrease

State income and sales tax collections are bearing out predictions of increase made earlier this year, while State motor fuel tax receipts show symptoms of decline, according to the Federation of Tax Administrators.

At least six States—Wisconsin, Oklahoma, North and South Carolina, Kentucky and Tennessee—report substantial increases in income tax collections, and four States—Michigan, Missouri, North Carolina and Oklahoma — show mounting sales tax revenues. In addition to the 19 eastern and northwestern States where gasoline deliveries have been reduced 33%, such non-rationed States as Arizona, Illinois, Michigan, Oklahoma and Kentucky report gas tax revenue decreases.

State sales tax collections have continued to go up since the first of the year despite increased wartime curtailment of durable consumers' goods, the Federation said. Arizona reported sales tax receipts for the first three months of 1942 were 13% above the preceding quarter. In Michigan, sales and use taxes brought in $6,100,000 in February against $5,500,000 a year ago.

Gasoline Tax Revenue Loss Presents Problem

The outlook for State revenues, particularly in regard to the gasoline tax, was brought to the fore recently, when a leading investment advisory organization lowered its ratings on obligations of six different States. These changes, of particular interest to bank investors in such bonds, pointed out the expected lower gasoline tax yields, declining trends from other State tax sources and rising costs as contributing to an uncertain fiscal picture in certain situations.

The specific changes were: West Virginia general obligations from Aa to A; several Arkansas issues from Baa to Ba; Mississippi general obligations from A to Baa, New Mexico highway debentures from A to Baa, North Dakota real estate bonds from A to Baa, and South Dakota rural credit and rural credit refundings from A to Baa.

Gasoline taxes are relied upon to provide the Federal Government with upward of $300,000,000 a year and among the States gasoline and other motor vehicle taxes sometimes account for more than half of all State revenues. Until rationing is tried out, however, no one knows just how seriously these revenues will be curtailed.

Value of Exemption Removal Deemed Slight

The net result of removing tax exemption from State and municipal securities, as proposed by the Treasury, would be "utterly insignificant" as far as revenue is concerned, Prof. Fred R. Fairchild of Yale University declared in Chicago recently. At the same time, such a move might curtail and in some cases completely eliminate certain municipal functions, he added.

As far as the total economy is concerned there is no point in aiding one level of government at the expense of another, Dr. Fairchild told a taxation session at the annual meeting of the Chamber of Commerce of the United States. The Federal Government, he said, would gain some $200,000,000 in revenues by the Treasury proposal, but the States and cities would have $175,000,000 added to their future borrowing costs.

The State and city governments, he noted, would have to raise their tax rates or curtail municipal functions in order to meet this added cost factor. Because of legal limits on the interest rates which they can pay, some local governments might have to cut off completely certain of their usual functions, according to Professor Fairchild.

States Allowed More Tax Power

Overruling a 10-year-old decision, the United States Supreme Court held recently that a State where a company is incorporated may tax a transfer of the corporation's stock when a nonresident stockholder dies.

Led by Justice Douglas, the Court majority upset an opinion by the Utah Supreme Court refusing the State power to tax Union Pacific Railroad Company shares owned by the late Edward S. Harkness of New York City. Justices Jackson and Roberts dissented.

Mr. Douglas declared that Utah, where the Union Pacific is incorporated, was trying to do what Maine endeavored to achieve but was prevented from doing by the Supreme Court in First National Bank vs. Maine on Jan. 4, 1932.

He added, however, that "the rule of immunity against double taxation espoused by (the Maine case) has long been rejected" in other Supreme Court decisions.

521 Cities in U. S. Operate Under City Manager Form of Government

With adoption of the city manager plan by 19 cities in 1941 and eight this year, 521 cities and towns and six counties in the United States now operate under this form of government, the International City Managers' Association reported May 1.

The 541 total includes one out of every five cities of more than 10,000 population, the Association said. While 20 of the 92 cities over 100,000 population are city manager cities, the highest ratio is found in the group between 50,000 and 100,000 population—29 cities or 27.4%.

On an international basis, the total of city manager cities is raised to 544 by addition of 17 Canadian, five Irish and one Puerto Rican cities. In the United States the largest council manager city is Cincinnati, population 455,000; the smallest, Bendix, N. J., 40. Under the city manager plan, known more formally as the council manager plan, the manager is appointed and his tenure of office controlled by the city council.

Seven States do not have laws permitting adoption of the council manager form of government, according to the Association. Cities in the other States may adopt the plan under constitutional home rule provisions, by provisions of an optional charter law, or by ordinance under permissive legislation. Adoption of the plan in a number of these States, however, is restricted to cities within certain population limits. Cities of the seven States with neither statutory nor constitutional provisions for adoption of the plan may adopt it only with specific legislative consent, or make the plan effective by ordinance pending passage of enabling or home rule legislation.

N. J. Modified Rail Tax Bill Approved

Governor Edison of New Jersey signed into law last Friday the new railroad franchise tax ceiling bill. The measure fixes a minimum franchise tax of $4,000 on all railroads and imposes a maximum equal to 3.6% of assessed property valuation. Combined with the present flat 3% property tax, the new law means that no railroad can be taxed more than 6.6% of its assessed property valuation, regardless of how high its earnings may go.

The bill was designed to aid small railroads, such as the Hudson & Manhattan, New York, Susquehanna & Western and others from what it was declared amounted to confiscatory taxation under the tax laws passed last July. The new law will cost the State about $725,000 in 1941 and 1942 taxes, but its sponsors claim this will be made up in the future.

Louisiana Highway Bonds—Additional Security Sought

Additional security to enhance the sale value of $10,000,000 State highway bonds, secured primarily by the dwindling gasoline tax, will be proposed to the Legislature in a bill being prepared by State Treasurer A. P. Tugwell. None of the said bonds has been sold, though authorized by the 1940 Legislature and subsequently approved by constitutional amendment. The bill would pledge future surplus in the Confederate veteran's pension fund as addi-

tional security.

The Confederate veteran pension system is financed through proceeds from three-quarters of a mill Statewide ad valorem tax and, though there are outstanding pension bonds, enough will be retired and the mortality rate of veterans will have progressed to such a point by 1945 or thereabouts, that a surplus is forecast in the Confederate fund.

Though the highway department has been reluctant to issue any further bonds, adopting a pay-as-you-go basis in 1940, sale from the $10,000,000 issue may be the only source of operating funds during the war emergency.

With the additional security little trouble is anticipated in selling the bonds should they be placed on the block as first maturities would be timed in 1946 and thereafter, and, anticipating end of the war before them and a return to normal of the gasoline tax yield, the initial gasoline tax security would in itself be sufficient.

Arizona Supreme Court Rules on County Road Bonds

The Arizona Supreme Court recently directed the State Loan Commission to refund nearly $5,000,000 5½% and 6% serial road bonds of Maricopa County. This was a distinct, disagreeable surprise to bondholders since these obligations had been considered non-callable. The court is said to have ruled the State Loan Commission is obligated to refund the bonds if the county believes a lower interest rate can be secured by such move.

It is felt that should this decision be construed as applying to other local units in Arizona, it may well be that all such bonds issued by the subdivisions are subject to call at any time, whether floated as callable or non-callable obligations.

Pa. Municipal Bureau Service to Be Extended

The Department of Internal Affairs, Harrisburg, Pa., in the latest issue of its monthly bulletin, reported in part as follows:

To the Municipal and Local Officers of Pennsylvania:

The Bureau of Municipal Affairs of the Department of Internal Affairs is making plans to be of increased service and usefulness to the local governments of Pennsylvania.

The purpose of the Bureau, by terms of the statutes establishing it, is to act primarily as a clearing house of municipal endeavor. One of its chief functions is to collect and make available statistical and other information that will be of practical use to municipalities of this Commonwealth.

The Bureau of Municipal Affairs is divided into a Division of Information, a Division of Landscape Architecture, and a Division of Bond Approvals. Each of these three Divisions endeavors to assist local governments of the Commonwealth in the performance of their duties in their various fields of work.

Local government officials are urged to write the Bureau of Municipal Affairs not only for information and service that the Bureau may be able to render directly, but also to request aid in any local government problems that may arise in which the Bureau may be able to be of general assistance. In making such requests, local officers will aid the Bureau to develop its program of service so that it will be of utmost benefit to local administration.

Canada Debt Paying Record Found Excellent

In its report to United States investors holding more than $5,000,000,000 in bonds of foreign countries, most of them sold since Great War No. 1, Foreign Bondholders Protective Council, Inc., New York City, gives details which will be of interest to investors holding the same bonds even though the report goes only to the end of 1940. The summary country by country at least gives some idea of where relations have to be resumed when war is over and at least constitutes one of the factors which have to be considered when first measures are concluded for feeding, transporting the transplanted and reemploying Europeans.

The prospects are promising to date for Latin-American countries being able to resume more payments because as yet these have not been invaded, but the record shows Canada's 698 Dominion, Provincial and municipal bond issues payable in New York to the amount of $1,922 millions (and on which contractual interest is $83.5 millions) to be serviced in full or part except for one-half of 1%. The bond issues making partial payment were only 4.6% of the total (based on last coupon paid in 1940). In Latin America 70.71% made no payment and in Europe 50%.

Alberta bonds and municipal bonds guaranteed by that Province and St. Boniface and Weyburn bonds continued in default. Frozen funds in the United States were being used by Belgium, Denmark, France, Finland, Hungary and Norway to meet full debt service in 1940.

Municipal Financing At Low Ebb

Municipal financing for a number of months has been running at the lowest level in recent years. April financing was the smallest for the month in the last four years. The four months' total was the smallest for the period since 1934. An important factor in the low level of new issues is the postponement of capital expenditures by municipalities as part of general wartime policies and material shortages.

This downtrend was sharply accented this week when it was revealed that the calendar of listed bond sales for the period Monday through Saturday aggegated less than $1,000,000. It has been many years since the municipal fraternity faced such a meagre schedule. This condition developed rapidly when the market for municipal bonds had just about regained its equilibrium after repeated attacks from high Government quarters on the tax immunity of municipal bonds. With every indication now that the tax status of these obligations will remain unchanged, at least for a year, the price structure has improved substantially of late. Dealers and purchasers of the limited amount of new issues offered report a broadening investment demand for these tax-exempt securities. Now, the supply has come almost to a standstill, at least temporarily.

While investor demand for new issues suggested basic strength in the market, traders reported that other activity was at the lowest level in recent periods. Although there was no general tendency to lower prices, traders said that it was difficult to move bonds without shading prices and some slight concessions were noted on shorter maturities.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

May 19

$505,000 Albuquerque, N. Mex.
This city last sold bonds in February, 1940, the award going to Sidlo, Simons, Roberts & Co., and the J. K. Mullen Investment Co., both of Denver, jointly.

May 26

$2,616,000 Cincinnati, Ohio
These are bonds now held in the investment account of the city's sinking fund.

June 1

$964,000 Akron, Ohio
In Aug., 1941 this city awarded bonds to a syndicate headed by the BancOhio Securities Co. of Columbus. Second highest bid entered by the Provident Savings Bank & Trust Co. of Cincinnati, and associates.

Tomorrow's Markets Walter Whyte Says—

(Continued form page 1853)

about 29-30. If obtainable at this range, I suggest buying it. Allis Chalmers, now about 24, also acts well. If obtainable under 23, I suggest it.

* * *

Last week, and the week before, I mentioned something about the market "testing a base." Looking at the market today, I don't think any such "test" will be made. On the contrary, if the market goes down far enough to test the lows of two weeks ago it will go lower. Of that I have little doubt.

So summing up, I think that after say, 2 or 3 points slow sell off, the market will resume its upward advance. It is on this minor sell off that what buying is planned should be executed.

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Views Stock Market As In Buying Zone

(Continued from First Page)

perhaps not be considered at this time. Thus, we are left with stocks as offering now the best opportunity for profit and income with which to offset the declining purchasing power of the dollar.

"Most of my associates and friends are terribly bearish. They talk as though the country was going to the dogs. Conditions may get worse before they start to improve—but what of it? The recent Laval business struck a sour note and off goes the Dow-Jones averages. If the Germans get the French fleet—wham!—they may go off some more! Perhaps the market has not as yet discounted all the bad news. If not, so much the better. The lower stocks go, the more attractive they are and the higher their yields. Furthermore, the worse the war gets, the quicker it will be over.

"I never made a dime following the crowd. When they sell I buy. From the action of the market in recent months some drastic liquidation has been going on. This is a 'buy' sign to me. Lack of volume in trading is another favorable indicator. Quiet market days are good ones in which to pick up a few shares. I'd no more buy in a boiling market than I would sail out of Gloucester in a heavy storm. Considering the prospects for some real inflation and the high surplus of cash awaiting investment, a little encouragement is all the market needs to show some real strength. Investors who put cash now into common stocks should profit in the end. They will also perform a real service in easing the ultimate effects of a post-war boom through their being in a position to get out further than to get in!"

Our Reporter's Report

(Continued from First Page)

tion. As long as the rule remains in force it must be complied with in good faith by the companies subject to it and not circumvented by dilatory and obstructive procedures."

International Tel. & Tel.

The saying that "coming events cast their shadow before" appears to have been borne out once again in the case of International Telephone & Telegraph Corporation debentures.

Over a period of weeks the debenture 4½s and 5s have shown evidence of quiet absorption marketwise. Their performance had been accepted as indicating quite clearly that "something was imminent" since few of the bonds found their way back to market.

Now it develops that the company has arranged a $25,000,000 credit with the Export-Import Bank, the funds to be applied to acquisition of debentures at certain prices in the open market, and to its expansion work. This credit will be used only when, and to the extent required by such operations, but it could conceivably result in a sharp cut in carrying costs to the corporation.

National Distillers Corp.

Dealers reported a fair reception was granted the $15,000,000 of seven-year debentures of the National Distillers Corporation, carrying a 3¼% coupon and brought out at par.

The first corporate undertaking in a fortnight this issue, by reason of its relatively short maturity, liberal yield, and other factors, attracted wide interest among investors.

But it had been recognized as an undertaking which would require more than the ordinary amount of effort on the part of sponsoring bankers. In other words a bit of a selling job was anticipated.

Other Issues On "Tap"

The underwriting world hopes that the National Distillers offering will prove the first of a series of undertakings which have been percolating over a period.

Next in line after the Public Service Company of Indiana's small issue is taken care of, will be $15,000,0000 of first mortgage 3s of the Public Service Electric & Gas Company.

That issue, incidentally, was another which was destined for private placement until the SEC stepped in and ordered competitive bidding on its contention that the company could obtain a better price than by direct sale.

Philip Morris & Co., Ltd., presumably will move to market its 49,666 shares of preferred stock at the first opportunity to be followed probably by $6,000,000 debentures.

And R. H. Macy & Co., Inc., if the signposts are reliable, should be in registration shortly on something in the way of new money financing.

Railroad Securities

(Continued from page 1853)

rental shall be put on a contingent basis.

Aside from the fundamental value of the lien, it is being pointed out that the position of the lessee has been improved materially under the stimulus of the war boom, and that if the war is a long one it is possible that Lehigh Valley may be able permanently to avoid necessitous reorganization. The company has already eliminated its RFC debt entirely, and in 1941 bank loans were reduced from $6,924,900 to $3,125,000. Aside from the bank loans and equipment maturities which are covered by a wide margin by equipment depreciation, the only maturities falling due ahead of the Pennsylvania & New York Canal & Railroad mortgage consist of $178,000 this year, $2,000,000 in 1945 and $5,000,000 in 1948. In comparison, cash and special deposits stood at $10,758,000 at the end of February, a gain of $1,141,000 over a year ago despite the substantial debt retirements.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly changes:

Transfer of the Exchange membership of William V. B. Findley to John L. Weeks will be considered by the Exchange on May 21.

The proposed transfer of the Stock Exchange membership of Robert H. Grant, 3rd to Herbert S. Whitman will be considered on May 21.

Will F. Nicholson of Denver withdrew from partnership in Harris, Upham & Co., New York City, as of April 30, 1942.

Francis M. Barker retired from partnership in Frank B. Cahn & Co., Baltimore, Md., April 30, 1942.

Melzar M. Whittlesey and Kenneth D. Hull, the latter a limited partner, retired from partnership in Joseph Walker & Sons, New York City as of April 30th.

Kirk & West, New York City, dissolved as of April 30.

Municipal Club To Hear

The Municipal Bond Club of New York will hold its next luncheon meeting on Tuesday, May 26, at the Bankers Club in New York City. Guest speaker will be Stephen O. Fuqua, Major General, U. S. Army, ret., military affairs editor of "Newsweek." His subject will be "Survey of the Battle Fronts of the World."

Investment Trusts

(Continued from page 1855)

"Of course if prime credit interest rates were to go to the 7% figure of the 1920 period all bond prices would suffer but who expects such a development today or even in the discernible future?" From the *New York Letter*, published by Hugh W. Long & Co., sponsors of Manhattan Bond Fund, Inc.

* * *

The Union Dealer, published by Lord, Abbett & Co., for the information of dealers distributing the shares of Union Trusteed Funds, Inc., suggests that the general public is apt to think of bonds solely as top-grade or "money bonds" on the one hand, and speculative, low-priced "credit bonds" on the other hand. They overlook the in-betweens.

These "in-between" bonds according to *The Union Dealer* are: "bonds with a good reason to buy on a hold-to-maturity basis; bonds with regular, well-covered coupon payments; bonds with interest returns at least twice that of money bonds; bonds in the 75 price range."

The portfolio of Union Bond Fund "B" is comprised of these "in-between" bonds. The portfolio is diversified among thirty different issues with an average rating of better than B. The average price of the portfolio bonds is 73.1 and the net calculated current yield at market is 5.64%.

NYSE Short Interest Higher On April 30

The New York Stock Exchange announced on May 7 that the short interest existing as of the close of business on the April 30 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 530,636 shares, compared with 513,546 shares on March 31, both totals excluding short positions carried in the odd-lot accounts of all add-lot dealers. As of the April 30 settlement date, the total short interest in all odd-lot dealers' accounts was 66,323 shares, compared with 71,578 shares on March 31.

The Exchange's announcement further said:

Of the 1,241 individual stock issues listed on the Exchange on April 30, there were 33 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than than 2,000 shares occurred during the month.

The number of issues in which a short interest was reported as of April 30, 1942, exclusive of odd-lot dealers' short position, was 438, compared with 424 on March 31, 1942.

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
May 31	428,132
June 28	446,957
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636

SEC Adopts New Form

The Securities and Exchange Commission announced on May 6 the adoption of a quarterly report form to be used by management investment companies under both the Securities Exchange Act of 1934 and the Investment Company Act of 1940. According to the Commission, "the new form, known as Form N-30B-1, supplants Form 8-K, the current report form under the Securities Exchange Act of 1934 insofar as it is applicable to management investment companies having securities listed and registered on a national securities exchange." It is the second periodic report form to be adopted under the Investment Company Act of 1940, says the Commission, which adds:

Form N-30B-1, is designed to elicit current information with respect to sales and repurchases of securities, restatements of capital, status as to diversification of portfolio and portfolio turnover. Other items of the form call for information regarding changes in management personnel and subsidiaries. The form is required to be filed by management investment companies within 30 days after the close of each fiscal quarter of each fiscal year.

The form is being sent to approximately 300 management investment companies. Copies may be obtained from the Publications Unit of the Commission, 18th and Locust Streets, Philadelphia, as well as from the Commission's regional offices.

In connection with the adoption of Form N-30B-1, the Commission adopted Rules N-30B1-1 and N-30B1-2 under the Investment Company Act, Rules X-13A-8 and X-15D-5 under the Securities Exchange Act of 1934, and amended Rule X-13A-6 under the latter Act.

SEC Amends Inv. Co. Rule

The Securities and Exchange Commission on April 28 announced the adoption of an amendment to Regulation S-X so as to make that regulation applicable to the form and content of financial statements filed by unincorporated management investment companies which are issuers of periodic payment plan certificates. "The principal change effected by the amendment," says the Commission, "causes the statement of income and other distributable funds to show separately the balance of income before gain or loss from security transactions and the gain or loss from security transactions. The amendment also includes certain clarifying changes in Article 6 and Article 6A." The Commission also says:

The amendment is designed to adapt the present requirements for use by companies subject to the Investment Company Act of 1940, but also is applicable to statements of investment companies filed under the Securities Act of 1933 and the Securities Exchange Act of 1934. It is contemplated, however, that further amendments or a general revision of the requirements as to the form and content of financial statements of investment companies may result from study of the financial statements filed as part of the registration statements of investment companies under the Investment Company Act of 1940.

Ten Issues Interesting

Newburger, Loeb & Co., 40 Wall St., New York City, members of the New York Stock Exchange and other leading Exchanges, announce that their statistical department has prepared a circular containing brief descriptions of 10 interesting issues. Copies of this circular will be sent by Newburger, Loeb & Co. upon request.

H. R. Baker Absorbs Franklin Wulff Staff

SAN FRANCISCO, CALIF.—H. R. Baker & Co., Russ Building, members of the San Francisco Stock Exchange, announce that they have taken over the sales organization of Franklin Wulff & Co., Inc. H. R. Baker & Co., as a result of this enlargement of its organization, will extend its activities to Southern California and will have offices in San Francisco, Los Angeles, San Diego, Oakland, Sacramento, Passadena, Fresno, Long Beach, Stockton, Beverly Hills, Eureka, San Jose, Modesto and Santa Ana.

Franklin Wulff & Co., Inc., specializing in bank and insurance stocks, simultaneously announced the discontinuance of its activities.

In Armed Forces

William C. Carlin, of the Dayton, Ohio, office of Westheimer & Co., Third National Bank Building, is on leave of absence from the firm, having entered the armed services on May 1.

Stuart A. Prosser, co-Manager of the Chicago office of Fahnestock & Co., 135 South La Salle St., has been commissioned a Captain in the United States Army and is on duty at Chanute Field, Rantoul, Ill.

Milton R. Underwood, proprietor of Milton R. Underwood & Co., Gulf Building, Houston, Tex., has entered the armed services. The offices of Milton R. Underwood & Co. will be closed for the duration.

Triumph Explosives Report

Sweetser & Co., 65 Broadway, New York City, members of the New York Stock Exchange, are distributing a circular on Triumph Explosives, Inc., giving comparaitve sales and profits, liabilities and assets and book value of outstanding stock, including figures contained in the semi-annual report of the company. Continued increase in the sales and earnings of Triumph Explosives, according to Sweetser & Co., should make possible even larger payments of dividends than heretofore as the working capital position of the company improves.

With reference to the explosion in the Versailles, Pa., plant of the Central Railway Signal Co., a subsidiary of Triumph Explosives, Inc., a memorandum from Sweetser & Co. states: "Central Railway Signal Co. is a subsidiary of Triumph Explosives, Inc., and owns and operates five plants throughout the country. The scene of the explosion was a building of the Versailles plant, devoted exclusively to the manufacture of railroad signal torpedoes.

"When questioned over the telephone, Mr. G. H. Kann, President of Triumph Explosives, Inc., stated that while he greatly regretted the loss of life incurred, the company will suffer no financial loss, since it is fully covered by insurance."

US Loan For Paraguay

The Paraguayan Embassy in Washington has informed the Foreign Office that the United States will grant a loan of $4,000,000 for public works, the Foreign Office said on May 8, according to United Press advices from Asuncion. These advices added:

The funds will be spent with the advice of four public health experts to be sent by the Office of the Coordinator of Inter-American Affairs. It also was revealed that the first lend-lease shipment of arms from the United States would arrive here soon.

Foresees 6 Million Women Engaged In War Work

The Bureau of the Census reported on May 10 that in order to meet wartime needs for labor, millions of young married women will be called upon to take the places of men in industry. The Census Bureau indicates that as yet labor shortages were limited to particular occupations and localities. The Bureau continued:

"The main problem at present is to utilize efficiently the existing labor supply by reducing unemployment to a minimum, increasing hours of work of the under-employed and shifting workers from non-essestial industries or from jobs that make inadequate use of their training.

"In the future, however, as more and more men are drawn into military service and as production for civilian use approaches a minimum, it will be necessary to increase the total labor supply to continue the expansion of war production.

"With allowance for some abnormal increase in addition to the usual growth, there are probably about 55,000,000 workers in the labor force of the United States at present, including men in the armed forces.

"This number would have to be increased by some 8,000,000 to make the proportion of the population employed or in the armed forces reach the estimated level during World War I."

Regarding the figures a Washington dispatch of May 10 to the New York "Times" said:

Census figures indicate that less than one-fourth of such an increase could be achieved by drawing more men into the market, because nearly all of the potentially employable males are already in the labor force.

Under the 1940 census only about 2,000,000 men of 18 to 64 years of age were able to work and not confined to institutions but were not in the labor force.

Even if all of this category were employed 6,000,000 or more additional workers would have to be drawn from the female population to provide an increase of 8,000,000.

The chief reserve of labor supply is among women 18 to 44 years old, of whom 85% of those not gainfully employed in 1930 were married.

In the 1940 census 18,200,000 women were in this age group and were not in the labor force but were able to work and not in institutions. Since then their number has probably increased to about 19,000,000.

Although 9,500,000 women were in the 45 to 64 age group, additions of them to the labor force will be small unless there is a marked change in the willingness of employers to hire older women.

To be near production centers the additional workers will have to be drawn principally from young women in cities and comparatively few from rural areas and small towns. The 18 to 44 group in 1940 comprised 13,900,000 from urban areas and 4,300,000 on farms.

Senate Passes WAAC Bill

The Senate on May 12 by a vote of 38 to 27 passed the bill to create a Women's Auxiliary Army Corps. The bill, which has already passed the House, would permit the WAAC to enroll up to 150.000 women between the ages of 21 and 45 for non-combatant service anywhere in the world.

An attempt in the Senate to restrict the corps' service to within the United States was defeated by a vote of 37 to 26. House passage of the measure was referred to in our issue of April 30, page 1712.

War Building Continued Strong In April

War construction contracts continued in large volume during the month of April, according to a statement released on April 16 by the F. W. Dodge Corporation. The dollar total of building and engineering contracts awarded last month in the 37 Eastern States amounted to $498,742,000. This was a 23% increase over April, 1941. While the April total was 18% under the March figure, the drop is not considered to signify a trend, since April was the period of drastic curtailment of civilian construction, and at the same time a period of planning for large war construction projects to be started hereafter.

The April figures brought the contract total for the first four months of this year up to $1,859,944,000, compared with $1,462,156,000 in the first four months of 1941; an increase of 27%. Non-residential building contracts increased 37%; residential building contracts increased 20%, and public works and utilities contracts increased 22%. Included in the residential classification were 140,394 family dwelling units in new residential buildings, at a total contract cost of $528,242,000. The number of units increased 29% over the first four months of 1941, while the dollar volume increased 7%; this reflects a decrease in average unit costs, due to the elimination of nearly all types of new housing outside the war housing classification.

In addition to the large construction volume in the 37 Eastern States, there has been a proportionate amount in the 11 Western States, and a considerable, though unannounced, volume of work at various overseas sites.

Silver Shortage—Metal Now Being Rationed

Due to the demands of commercial and industrial users, an informal rationing of silver is now in effect. Handy & Harman, New York bullion dealers, report that the shortage of supply compared with demand now makes it necessary to limit metal sales to the arts and crafts but industrial companies, using silver in war work, are being supplied.

With regard to the crisis in silver supplies, an Associated Press account of May 8 stated:

The substitution of silver for copper, nickel, tin, aluminum and other war-needed nonrusting metals by civilian industry also has skyrocketed demand from non-war manufacturers.

The War Production Board, in its order last week banning iron and steel from more than 400 common civilian articles, specifically permitted the use of silver, or gold, as a substitute.

American factories, a large bullion dealer estimated, could use 140,000,000 ounces of silver profitably this year at current prices—if they could get it. The total supply for the year, however, was figured at 100,000,000 ounces.

This shortage of supply compared with demand has made necessary, trade reports said, an informal rationing or doling out of silver to users because it would be impossible to supply the metal they want at prevailing prices.

Paradoxically, the trade points out, the United States Treasury owns more than 3,000,000,000 ounces of silver.

The catch, silver men say, is a three-way price policy, explained this way:

Foreign silver brings 35 cents an ounce at the Treasury, and industry pays a fraction of a cent more to obtain its requirements.

Domestic silver, under the law passed July 6, 1939, must be bought by the Treasury at 71.11 cents an ounce. Such purchases in 1941 were estimated at about 70,000,000 ounces.

Under this law, the Treasury cannot sell that same domestically mined silver for less than $1.29 an ounce.

The Treasury agreed to loan 40,000 tons of silver to the power industry for use in busbars, through which electricity passes on its way from generators to power lines. Now the talk has turned to loans for other industrial purposes.

The Treasury could "farm out" a good deal of its silver, by the way, without affecting the amount of silver coin in circulation. It has on hand more than 480,000,000 silver dollars and millions of dollars more in subsidiary coin, in its vaults.

Forced Savings Bill Introduced In House

Legislation calling for enforced savings through payroll deductions and proposing an overall ceiling on wages and farm commodities was introduced in the House on May 11 by Representative Gore (Dem., Tenn.). Representative Gore's bill calls for the purchase of war bonds and stamps with the enforced savings. The plan provides for compulsory weekly pay deductions starting at 6% for single workers making $20 a week and at 7% for married persons making over $30 a week. The percentage ranges upward for larger incomes until it requires the investment of all money in excess of $25,000 (after payment of taxes) in bonds. The war bonds would be issued by the Treasury at the year-end; they would be limited to 1% interest and non-negotiable except in stipulated cases.

In a statement bearing on his plan, Representative Gore said that "dependence upon voluntary money is as archaic and inadequate in total war as reliance upon voluntary enlistment into the armed forces." He also criticized the Treasury plan "to ring doorbells and persuade people to make a perfectly good and profitable investment of their money in Government bonds."

Mr. Gore at the same time introduced a "companion bill" to fix ceilings on farm commodities and wages. He said this was necessary "to round-out the anti-inflation program." This latter measure would amend the Price Control Act of 1942.

Smith Heads Savs. Assn.

Levi P. Smith, President of the Burlington (Vt.) Savings Bank, was elected President of the National Association of Mutual Savings Banks at the conference held in New York City on May 8. The organization represents deposits of $10,500,000,000 and 15,500,000 depositors. Mr. Smith served as Vice-President of the organization during the last year and has been active in mutual savings bank affairs for some time.

George J. Bassett, President of Connecticut Savings Bank, of New Haven, was elected Vice-President of the Association; Edmund P. Livingston, Vice-President of Union Dime Savings Bank, of New York, was chosen Treasurer, and John W. Sandstedt, of New York, Executive Secretary.

At its concluding session on May 8 the Association, according to the New York "Herald Tribune," adopted a resolution calling for appointment of a special committee, representative of all sections of the nation where mutual savings banks operate, "to promote the purchase of war savings bonds and other useful savings practices, and to this end tender their services to the Treasury of the United States with a view to effect the fullest use of the nation's facilities for saving."

The Association adopted another resolution commending the railroad industry "for its ability to assume the unusual burdens of war-time traffic and for its achievements in meeting unprecedented demands with adequate and efficient service."

In a short talk to the conference following his election as President of the Association, Mr. Smith said that "greatly increased saving by the enlistment of a part of every pay envelope and salary check must be the keynote of our new national economy." He added:

It is indispensable that as much as 10% of individual incomes be devoted to the purchase of War Savings Bonds. This demand of the Treasury involves no hardship in view of what is at stake. Mutual savings banks of the country, as the time-honored missionaries of thrift, have done well to assume leadership in the furtherance of this program.

The forbidding alternative to voluntary and independent war saving is the mobilization of earnings by some form of forced saving. Fortunately, we have a record national income, which makes voluntary saving possible, and gives assurance that whatever is put aside today will provide a sound cushion against after-war reaction.

Navy Sets Up Section To Work With Banks

The Navy Department announced on May 11 the establishment of a finance section to work with banks in financing war production. The section is to be headed by Sidney A. Mitchell, formerly of Bonbright & Co., New York. In its announcement the Navy Department said:

"When a contractor or subcontractor is in need of financing to carry out his contract, the matter, will in the regular course, come to the attention of the finance section through the Federal Reserve Bank of the district in which the contractor is located.

"The finance section will then discuss the business of the contractor with the appropriate purchasing bureau which will determine whether the business meets the requirements laid down in the Executive order (an order authorizing such finance transactions). If this is the case, the finance section will, . . . discuss the means of financing with the contractor's local banks and the Federal Reserve Bank in his district, and to the extent necessary will participate in or guarantee loans made by the bank."

ODT To Limit Use Of Rubber-Borne Carriers

President Roosevelt, by executive order, on May 4 delegated to Joseph B. Eastman, Director of Defense Transportation, the power to control and limit the use of rubber-borne transportation facilities.

Mr. Roosevelt placed within the scope of Mr. Eastman's authority "all rubber-borne transportation facilities, including passengers, buses, taxicabs and trucks." It directs Mr. Eastman to "develop programs to facilitate the continuous adjustment of the Nation and its transport requirements to the available supply of transportation services relying upon rubber."

The directive sets forth that the Office of Defense Transportation shall:

"Formulate measures to conserve and assure maximum utilization of the existing supply of civilian transport services dependent upon rubber, including the limitation of the use of rubber-borne transportation facilities in non-essential civilian activities, and regulation of the use or distribution of such transportation facilities among essential activities."

US Bank Agencies Urge Amortization Of Debts

In a joint statement issued on May 7 the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corp., and the Board of Governors of the Federal Reserve System recommended to all banks that the principle of amortizing debts, incorporated in Regulation W, relating to consumer credit and certain bank loans, be extended to other loans not covered by the regulation, particularly single-payment loans to individuals for non-productive purposes.

The statement said the joint action was taken in accordance "with that part of the President's special message to Congress of April 27 which urged the paying of debts as a restraint upon rising living costs." The text of the statement follows:

One of the greatest advances in banking practices during recent years has been the wide acceptance of the principle of amortization of debts. This principle is incorporated in Regulation W, issued by the Board of Governors of the Federal Reserve System, which related to consumer credit and applies to certain types of bank loans.

In the exercise of their supervisory responsibilities, the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corp., and the Board of Governors of the Federal Reserve System urge that the principle of amortization be extended to other loans which are not subject to the provisions of Regulation W, particularly to the volume of single-payment loans to individuals for non-productive purposes presently outstanding.

The examiners for the respective agencies are being instructed to pay particular attention in the course of their examinations to individual debt to determine whether it is being reduced and to the circumstances which may be preventing its reduction or preventing it being put on an amortization basis.

The examiners are likewise being instructed to include in their reports of examination comments as to the extent to which the bank has co-operated in the program for reduction of personal indebtedness incurred for non-productive purposes, and as to the results achieved.

In order to provide a measure of the volume of personal loans, banks will be asked from time to time to report information as to the amounts of single-payment personal loans on their books in addition to information now being reported as to installment paper.

The amendment to the Board's Regulation W relating to consumer credit was given in our May 7 issue, page 1780.

Cuba Withdraws US Notes

United States silver certificates and Federal Reserve notes, which have been accepted throughout Cuba as legal tender on the same basis as Cuban notes, will be withdrawn from circulation and replaced by Cuban currency, Oscar Garcia Montes, Minister of the Treasury, announced on May 7.

United Press Havana advices, from which the foregoing is learned, explained that there has been a shortage of Cuban currency for a year, but the Government has ordered a 10,000,000 peso issue of silver certificates printed immediately, half of an authorized issue of 20,000,000 pesos.

The new issue, it is stated, will be backed by gold which will be purchased immediately, Garcia Montes said.

Banking School Adds Ten

The addition of ten new instructors to the faculty of The Graduate School of Banking to teach the various subjects, is announced by Dr. Harold Stonier, director of the school, for the coming year. The Graduate School of Banking is conducted for bank officers by the American Bankers Association. It offers a two-year course, including three resident sessions of two weeks each at Rutgers University, New Brunswick, N. J., and two years of extension work at home. The 1942 resident session at Rutgers will be held June 15 to June 27. Six hundred bank officers are now enrolled in the school.

The new members of the faculty come from seven States. They include:

Frank E. Donnelly, Assistant Vice-President and Secretary, Monroe County Savings Bank, Rochester, N. Y.

T. Allen Glenn Jr., President, The Peoples National Bank, Norristown, Pa.

S. Guernsey Jones, Assistant Cashier, National Newark & Essex Banking Co., Newark, N. J.

John S. Linen, Vice-President, Chase National Bank of New York.

Gwilym A. Price, President, Peoples-Pittsburgh Trust Co., Pittsburgh, Pa.

Harold Randall, Assistant Vice-President, Cleveland Trust Co., Boston.

Harold E. Reeve, General Counsel and Secretary, Chicago Title and Trust Co., Chicago.

Albert C. Simmonds Jr., Vice-President, Bank of New York, New York City.

Harry R. Templeton, Vice-President, Cleveland Trust Co., Cleveland.

Edward A. Wayne, Secretary, North Carolina Bankers Association, Raleigh.

The Graduate School of Banking has a faculty of 49 instructors, divided between bank executives, college professors, and governmental department executives.

The addition of three others to the School's faculty was noted in these columns on May 7, page 1787.

U. S.-Peru Trade Treaty

A reciprocal trade agreement between the United States and Peru was signed at the State Department in Washington on May 7 by Secretary of State Hull and David Dasso, Peruvian Minister of Finance. The pact provides concessions covering most of the trade between the two nations, which was $41,066,000 in 1940. This agreement is in addition to the lend-lease aid extended by the United States to Peru in March, estimated to amount to $29,000,000 (as noted in our March 19 issue, page 1160), and a $25,000,000 credit previously extended by the Export-Import Bank.

With regard to the trade treaty, the New York "Journal of Commerce" in its Washington advices May 7 stated:

> The treaty, which was concluded in less than five months after the announcement of intention, grants duty reductions by the United States on Peruvian sugar, long staple cotton, bismuth, cocoa leaves, and hair of the alpaca, llama and vicuna. At the same time the State Department announced that, at Peru's request, the Tariff Commission has agreed to undertake an investigation to determine whether it is possible to consolidate all quotas on long staple cotton into a single global quota.
>
> Included in the list of 35 United States products on which Peru granted duty reductions are autmobiles and trucks, dried fruits, canned vegetables and fruits, typewriters and calculating machines, prepared oats, fresh apples, pears and plums. In addition, Peru agreed to freeze existing customs duties on 15 other items.

On May 1 Mr. Dasso was the guest at a luncheon given by the Pan American Society and the Peruvian-American Association held at the Bankers Club in New York, and at which Frederick E. Hasler, President of the Pan-American Society and of the Continental Bank & Trust Co., presided. The New York "Herald Tribune" of May 2, reporting this, said:

> Mr. Dasso stressed the need for greater exchange of goods and services between the United States and Peru. His own country will be asked to increase production of vital war materials, he said, by persuasion rather than by mandatory decrees. Every emphasis will be placed upon the output of export goods, he added, and also upon foodstuffs and other essentials.
>
> A need was seen by Mr. Dasso for greater and continued absorption by the United States of Latin American products of all kinds. He expressed the view that the war emergency will stimulate this process and also occasion an imprevment of communications. Air lines and motor roads especially must be augmented, he declared.
>
> Settlement of the default on Peruvian dollar bonds is already under discussion with the Foreign Bondholders Protective Council, Inc., he added. Without divulging the basis of the discussion, Mr. Dasso said he looked forward to a "firm and durable foundation" for continued service on invested capital, as a consequence of the negotiations.

US-Brazil Rubber Deal

Brazilian Finance Minister Arthur de Sousa Costa announced on May 8 that under terms of an agreement with the United States, Brazil would apply a $5,000,000 United States credit to rapid expansion of Brazilian rubber production.

In reporting this, Associated Press advices from the Rio de Janeiro also said:

> The United States, through the Rubber Reserve Co., will purchase all excess Brazilian rubber at a basic price of 39 cents a pound, f.o.b. Belem, he explained.
>
> For purchases in excess of 5,000 tons a premium of 2½ cents a pound will be paid and for any purchases over 10,000 tons the premium will be 5 cents a pound.
>
> In addition, Brazil will sell to the United States all excess manufactured rubber goods.
>
> The agreement, to last five years, will be subject to periodic adjustments.

The agreement on rubber was reached in Washington early in March; referred to in these columns March 12, page 1064.

Volunteer War Saving Called Imperative

Reviewing developments of the year as they affect the thrift capital of the Nation, and emphasizing the economic importance of volunteer war saving, Andrew Mills Jr., President of the Dry Dock Savings Institution, New York, and President of the National Association of Mutual Savings Banks, opened in New York City the conference of that organization on May 6 for a three-day discussion of national affairs.

Mr. Mills noted that "our institutions today serve 15,500,000 depositors, having to their credit $10,500,000,000," and in his address said:

> United States Government bonds, held by our institutions, increased during the year 1941 by $398,000,000 to a total of $3,591,000,000, representing a percentage of assets of 30.51, compared with 26.30 the year before. This increase, translated into the purchase of equipment vital to our war effort, would run into amazing figures.
>
> Owing to the stoppage of all housing, except in so-called defense areas, our outlet for mortgage investments is to that extent limited. Defense housing is as necessary to the war effort as the factories producing equipment—for the workers must be adequately housed—and the Government will have to provide such housing to the extent that private enterprise is unable to meet the demand. We believe that as far as possible this housing should be financed by private capital, but only where it can be absorbed after the war into existing communities. Savings bankers are showing great interest in mortgages upon this type of housing, insured by the Federal Housing Administration. In New York, especially, they, in cooperation with their instrumentality, the Institutional Securities Corporation, are in position to handle this business efficiently.
>
> Savings bank life insurance has shown marked development in Massachusetts, its birthplace; in New York, and in Connecticut, which took up this activity on Jan. 1, 1942.

Mr. Mills also said:

> In March, 1941, weeks prior to the start of the campaign to sell Defense Savings Bonds, savings bankers representing the National Association, and the Savings Banks Association of the State of New York, called upon Secretary of the Treasury Morgenthau to offer the wholehearted cooperation of the mutual savings banks of the country in the furtherance of that effort. This offer was accepted in the spirit in which it was made.
>
> Up to March 31 of this year our institutions had sold a total of $379,000,000 of these securities, and April sales should bring the figure to considerably more than $400,000,000.

Mr. Mills also stressed the importance of educating an increasing number of people to the value of saving out of current income, saying that "it is of vital importance to the whole country that unnecessary spending be discouraged and the spirit of thrift prevail. He concluded:

> Saving brings strength, the strength required to attain victory, and victory only will bring lasting peace.

Job Aid For Men Over 40

Federal Security Administrator Paul V. McNutt announced on May 2 the readiness of every local office of the United States Employment Service to cooperate with all citizens' organizations and Governmental agencies in the campaign to find jobs for men over 40. Instructions have been sent to every State representative of the Service, he said, to work closely with veterans' organizations, civic and religious groups, and representatives of labor and business to attain the objectives of National Employment Week (May 3-9) as announced in the President's recent proclamation—referred to in our April 23 issue, page 1630.

"Industry's extraordinary demand for men," said Mr. McNutt, "has somewhat shifted the emphasis of this year's campaign. Although the slogan still is 'Job for Men over 40,' it is beginning to appear that the search will have to be, not so much for jobs as for men to fill the jobs. Representatives of the Employment Service will make a special effort to see to it that employers are given every opportunity to locate the older men whose skills are now so urgently needed in the war production plants, in those turning out essential consumer goods, and for farm work."

Shipping Priorities To Aid Latin-American Trade

A system of shipping priorities, designed to expedite the movement of goods to the other American Republics in the interests of the war program and hemispheric defense, was jointly announced on May 6 by the Board of Economic Warfare, the State Department at Washington and the Coordinator of Inter-American Affairs.

Under the system, each export license will bear a shipping priority rating which will govern shipping operation. The ratings will be assigned entirely on the basis of the "use" of the goods, it is stated.

These ratings were defined by the BEW's Office of Exports as follows:

"Rating (A) will be assigned to licenses authorizing exportation of articles and materials contributing directly to the war program of the United States or to hemispheric military defense.

"The rating (B) will be assigned to licenses for articles and materials essential to the maintenance of industrial, economic and civilian life of the country of destination.

"Rating (C) will be assigned to licenses for commodities deemed important to the industrial and civilian life of the country of destination, but for which there is no immediate urgency, and the lack of which would not cause economic dislocation.

"Rating (D) will be assigned licenses for non-essential articles and commodities, which, while desirable, appear unnecessary in war-time, and for which there are substitutes, or without which the economic and civilian life of the country of destination would not be seriously harmed.

"Rating (AA) is a special rating held in reserve to be applied to cases which are considered of the utmost importance and urgency."

Repaymts. Outweigh Loans

While it was advancing more money than in April since 1937, the Federal Home Loan Bank of Chicago last month received repayments greater than its disbursement, thus averting any net credit expansion, A. R. Gardner, President of the Chicago Bank, reported on May 11. It is stated also that a net decrease was evidenced in the bank's loans outstanding to member savings, building and loan associations in Illinois and Wisconsin. The April volume of advances totalled $1,100,833, an increase of 7.2% over the like month of last year and a seasonal upturn of 53% from March.

Quezon Arrives In U. S.

President Manuel Quezon of the Philippine Commonwealth arrived in San Francisco on May 8 with his family and members of his Cabinet. President Quezon plans to go to Washington where he will established headquarters for the Commonwealth Government. He had reached Australia in late March and his voyage across the Pacific came as a surprise. He was met at a San Francisco pier by Oscar L. Chapman, Assistant Secretary of the Interior, and Lieut. Gen. J. L. De Witt, head of the Western Defense command. In Associated Press advices from San Francisco President Quezon was quoted as saying:

> I have repeated over and over that the Philippines will stand by the United States to the bitter end. Thank God the facts proved I was right, and that we still are standing by the United States. I am proud of the way the Filipino soldiers have conducted themselves in battle.

RFC Spent $13 Billion In War Effort: Jones

Secretary of Commerce Jesse Jones on April 30 made an accounting of the more than $13,000,000,000 which the Reconstruction Finance Corporation and its subsidiaries had spent in the last two years in the war effort, ranging from purchase of the entire Cuban sugar crop to rehabilitation of a Newfoundland railroad.

Addressing the U. S. Chamber of Commerce meeting in Chicago, Mr. Jones said that some of the outstanding items which went to make up the $13,000,000,000 were $1,912,000,000 to build aircraft plants, $360,000,000 for magnesium plants, $700,000,000 for plants to manufacture synthetic rubber, and $182,000,000 for shipyards. He added:

> "These expenditures will provide plant capacity sufficient to increase our annual production of aluminum to 2,100,000,000 pounds, as against 300,000,000 pounds two years ago, 600,000,000 pounds of magnesium per year, as against 33,000,000 pounds a year ago; 800,000 tons of synthetic rubber a year, as against 25,000 tons. The synthetic rubber plants should come into production during 1942 and '43."

Cooperation Needed for Food Production Goals

Attainment of food production goals will require the full cooperation of every farmer and farm worker, and every man, woman, boy, and girl throughout our agricultural areas, M. Clifford Toowsend, Director of the Office of Agricultural War Relations, U. S. Department of Agriculture, declared on May 7. Speaking before the International Association of Public Services, at Louisville, Ky., Mr. Townsend said, "we have changed problems, and we must all—you, the farmer and I—use our ingenuity to discover new ways of getting our job done." He added that the success or failure of the goals set for all farm products will be directly dependent upon complete community understanding and cooperation, which in turn is directly dependent upon how adequately the Employment Service and the Department of Agriculture can organize to serve each community. Saying he believes that the farm labor situation can be adjusted to meet production goals, Mr. Townsend stated that the means for alleviating the farm labor situation can be grouped into these three categories:

(1) Securing full utilization of the labor force normally employed in agriculture by operating labor pools exchanging labor, using more family workers, and similar cooperative measures.

(2) Retention of workers on farms by increasing the attractiveness of farm work through higher earnings, better housing, more continuous employment, and similar methods.

(3) Bringing into the farm labor force persons not normally employed in agriculture.

Trade Luncheon to Hear

Wayne C. Taylor, Undersecretary of Commerce, will be a participant in the program arranged for the New York Foreign Trade Week for 1942, and will deliver an address at the World Trade luncheon gathering of business and professional men, and Government officials at the Hotel Astor, New York City, on May 18.

The subject of Mr. Taylor's remarks will be "Foreign Trade's Place in the War Effort," it is announced by James S. Carson, Chairman, New York Foreign Trade Week Committee. Mr. Taylor was one of the delegates to the Rio Conference in January.

Calendar of New Security Flotations

OFFERINGS

NATIONAL DISTILLERS PRODUCTS CORP.

National Distillers Products Corp. filed registration statement with SEC for $15,000,000 7-year sinking fund debentures, due March 1, 1949. Interest rate will be supplied by amendment

Address—120 Brodway, New York City

Business—Company is chiefly engaged, directly or through subsidiaries, in the distillation, storage and sale of various types of American whiskies, including "Old Grand-Dad," "Old Taylor," "Old Overholt," "Mount Vernon," "Crab Orchard," etc.

Underwriting—Glore, Forgan & Co. and Harriman Ripley & Co., Inc., both of New York City, are named principal underwriters. Names of the other underwriters will be supplied by amendment.

Proceeds to the extent of $11,000,000 will be used to repay presently outstanding bank loans of company, and the balance will be used for general corporate purposes

Registration Statement No. 2-4991. Form A-2. (4-23-42)

National Distillers Products Corp. filed an amendment with the SEC disclosing that its $15,000,000 7-year 3¼% sinking fund debentures, due March 1, 1949, will be offered to the public at 100; underwriting commission is 1⅞%. Twenty underwriters, headed by Glore, Forgan & Co. and Harriman Ripley & Co., Inc., will participate in the public offering of the debentures

Offered—May 13, by a syndicate headed by Glore, Forgan & Co., Harriman Ripley & Co., Inc., and including Blyth & Co., Inc., Hayden, Stone & Co., The First Boston Corp., Lehman Brothers, Goldman, Sachs & Co., Kidder, Peabody & Co., W. C. Langley & Co., and Stone & Webster and Blodget, Inc.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

TUESDAY, MAY 19

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

DESPINA GOLD MINES, LTD.

Despina Gold Mines, Ltd., **refiled** a registration statement with the SEC for 1,030,000 shares common stock, $1 par

Address—Montreal, Quebec, Canada

Business—Company is engaged in the gold mining business

Underwriting—Underwriter is Canadian Securities Distributors

Offering—The 1,030,000 shares of common stock will be offered to the public at 35 cents per share; 1,000,000 shares will be offered for the account of the company, and the remaining 30,000 shares for the account of a selling stockholder

Proceeds to company will be used for working capital purposes

Registration Statement No. 2-4636, refiled with SEC 4-30-42

WEDNESDAY, MAY 20

THE DELAWARE & HUDSON CO.

Committee for first and refunding mortgage 4% bonds, due May 1, 1943, of the company, filed a registration statement with the SEC for certificates of deposit to be issued for first and refunding mortgage 4s, due May 1, 1943, of the company

Address of Company—New York, N. Y.

Composition of Committee—Members of the committee calling for deposit of the bonds, are: Charles True Adams, Chairman; Howard Elliott, Jr., Vice-Chairman; Allen K. Brehm; James J. Minot; H. Duncan Wood. Secretary for committee: Douglas G. Wagner, 40 Exchange Place, New York City. Depository: Continental Bank & Trust Co., New York, N. Y.

Terms of Issue—The certificates of deposit are to be issued by the committee for deposit of the outstanding first and refunding mortgage 4% bonds, due May 1, 1943, of the company, under a deposit agreement dated April 15, 1942. There are $49,890,000 principal amount of such bonds outstanding, of which $5,000,000 principal amount are to be called initially by the committtee. Committe states that the deposit of the bonds is desired in order that concerted action on the part of the holders may be obtained, in view of the approaching maturity of the bonds, with the view, if possible, of formulating a plan for meeting the maturity of the bonds

Registration Statement No. 2-4993. Form D-1 (5-1-42)

SEARS, ROEBUCK & CO.

The Savings and Profit Sharing Pension Fund of Sears, Roebuck & Co. employees, and Sears, Roebuck & Co., jointly filed a registration statement with the SEC for: 25,000 memberships in the Savings and Profit Sharing Pension Fund of Sears, Roebuck & Co. Employees; and 175,000 shares of capital stock, no par, of Sears, Roebuck & Co.

Address—Fund: 3333 Arthington Street, Chicago. Company: 925 S. Holman Ave., Chicago, Ill.

Business—The fund has been in effect since 1916, its purpose being to permit employees to share in the profits of company; and to provide a plan through which each eligible employee may accumulate his own savings, the company's contributions to the fund, and the earnings on his accumulations in the fund, as a means of providing an income for himself at the close of his active business career. On Jan. 31, 1942, the fund held 743,835 shares of capital stock of the company and uninvested cash of $6,309,219

Offering—The 25,000 memberships in the fund represent the maximum estimated number of memberships which may be offered to eligible employees of the company during the 12 months' period following the effective date of the registration statement, upon their becoming eligible for membership. The 175,000 shares of capital stock of the company represent the maximum number of shares which, it is anticipated, may be purchased by the fund for its members during said period in accordance with the rules of the fund

There will be no underwriting

Proceeds will be used to purchase shares of stock of the company

Registration Statement No. 2-4996. Form A-2. (5-1-42)

SUNDAY, MAY 24

PHILIP MORRIS & CO., LTD., INC.

Philip Morris & Co., Ltd., Inc., filed a registration statement with the SEC for 49,666 shares of cumulative preferred stock, $100 par value (dividend rate to be furnished by amendment), and 893,988 rights, latter to be issued in connection with issue of subscription warrants evidencing rights to subscribe for the 49,666 shares of preferred stock

Address—New York, N. Y.

Business—Engaged in manufacture and sale of cigarrettes and smoking tobaccos, principally "Philip Morris," "Paul Jones," "Marlboro" and "English Ovals" cigarettes

Offering—The 49,666 shares of preferred stock will be offered for subscription to common stockholders of company, on the basis of one share of preferred stock for each 18 shares of common stock held. The subscription price per share, the stock of record date, and the expiration date of subscription offer, will be furnished by amendment

Underwriting—Such of the 49,666 shares as are not issued under the subscription offer, will be sold to the public by underwriters, at a price to be supplied by amendment. Principal underwriters are Lehman Brothers and Glore, Forgan & Co., both of New York, N. Y. The names of the other underwriters will be furnished by amendment

Proceeds will be used to reduce outstanding bank loans

Public Sale of New 3% Debentures also Proposed—In the registration statement summarized above, the company stated that its board of directors intend to authorize the sale of 20-year 3% debentures, due May 1, 1962, in an aggregate amount not to exceed the difference between $11,500,000 and an amount equal to the aggregate par value of the shares of new preferred stock which presently are proposed to be sold by the company. The company states that this new issue of debentures is proposed to be sold shortly after the expiration of the rights to purchase the new preferred stock, following the filing of a registration statement with the SEC covering such debentures

Net proceeds to the company from sale of such debentures would be used to pay the unpaid balance of the company's bank loans, and the balance would be added to working capital

Registration Statement No. 2-4994. Form A-2. (5-5-42)

Philip Morris & Co., Ltd., Inc., filed an amendment with SEC on May 11, 1942, disclosing that its 49,666 shares of cumulative preferred stock, $100 par, would bear a dividend rate of 4½%. The shares of preferred stock will first be offered to common stockholders for subscription, through warrants, and the unsubscribed portion of the preferred stock will then be offered to the public. The public offering price per share will be furnished by later amendment. Today's amendment also lists the underwriters who will participate in the public offering of the unsubscribed portion of the preferred stock, with percent of unsubscribed preferred stock to be purchased, as follows:

Lehman Brothers, New York	9.0%
Glore, Forgan & Co., New York	9.0
Bear, Stearns & Co., New York	1.2
A. G. Becker & Co., Inc., Chicago	3.1
Branch, Cabell & Co., Richmond	.5
Alex. Brown & Sons, Baltimore	1.2
Frank B. Cahn & Co., Baltimore	1.0
Davenport & Co., Richmond	.5
R. S. Dickson & Co., Inc. New York	1.0
Dillon, Read & Co., New York	4.9
Dominick & Dominick, New York	2.3
Emanuel & Co., New York	1.0
Goldman, Sachs & Co., New York	4.4
Granbery, Marache & Lord, N. Y.	.5
Hallgarten & Co., New York	1.7
Harriman Ripley & Co., Inc., N. Y.	4.4
Ira Haupt & Co., New York	1.7
Hayden, Stone & Co., New York	4.4
Hemphill, Noyes & Co., New York	4.4
Hirsch, Lilienthal & Co., New York	.5
Hornblower & Weeks, New York	3.1
Jackson & Curtis, Boston	1.7
Kuhn, Loeb & Co., New York	4.9
Ladenburg, Thalmann & Co., N. Y.	4.4
Lazard Freres & Co., New York	3.1
W. L. Lyons & Co., Louisville	.5
Mackubin, Legg & Co., Baltimore	1.2
Laurence M. Marks & Co., N. Y.	1.2
Mason-Hagen, Inc., Richmond	1.0
Merrill Lynch, Pierce, Fenner & Beane, New York	3.1
Reinholdt & Gardner, St. Louis	1.0
Riter & Co., New York	1.2
Schwabacher & Co., San Francisco	1.7
Scott & Stringfellow, Richmond	1.7
I. M. Simon & Co., St. Louis	.5
Stein Bros. & Boyce, Baltimore	.5
Stern Bros. & Co., Kansas City	1.0
Stifel, Nicolaus & Co., St. Louis	.5
Swiss American Corp., New York	1.0
Union Securities Corp., New York	4.4
G. H. Walker & Co., St. Louis	1.2
Watling, Lerchen & Co., Detroit	1.0
Wertheim & Co., New York	1.7
White, Weld & Co., New York	1.7

PUBLIC SERVICE ELECTRIC & GAS CO.

Public Service Electric & Gas Co. filed a registration statement with the SEC for $15,000,000 first and refunding mortgage 3% bonds, due May 1, 1972

Address—80 Park Place, Newark, N. J.

Business—This operating public utility company, a subsidiary of Public Service Corp. of New Jersey, is engaged primarily in the production and purchase of electric energy and manufactured gas and in the distribution and sale thereof in the State of New Jersey, including Newark, Jersey City, Paterson, Trenton, Camden, Elizabeth, Bayonne, Hoboken, Passaic, Perth Amboy and New Brunswick

Underwriting and Offering—The bonds will be sold under the competitive bidding rule of the Holding Company Act. Names of underwriters, and the public offering price, will be furnished by amendment

Proceeds will be added to company's cash funds; cash funds have been and are to be called upon, among other things, for expenditures in the ordinary course of business for property additions and improvements

Registration Statement No. 2-4995. Form A-2. (5-5-42)

WEDNESDAY, MAY 27

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

SATURDAY, MAY 30

HINMAN AVENUE BUILDING CORP.

The voting trustees for the Hinman Avenue Building Corp. common stock filed a registration statement with the SEC covering voting trust certificates for 1,848 shares of common stock

Address—Chicago, Ill.

Voting Trustees are John R. Fugard and others

Business—Apartment building

Registration Statement No. 2-4998. Form F-1. (5-11-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in southern states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendment filed May 1, 1942, to defer effective date

AXTON FISHER TOBACCO CO.

Axton Fisher Tobacco Co. filed a registration statement with the SEC for aggregate of 149,944 shares 5% cumulative prior preferred stock, $25 par.

Address—Louisville, Ky.

Business—Engaged in the manufacture of cigarettes (Clown, Spud, and Twenty Grand) and various brands of smoking and chewing tobaccos.

Offering—The 149,944 shares new preferred stock will be issued under a plan of recapitalization, as follows: (1) 56,544 shares in exchange for 14,136 shares outstanding 6% preferred stock on basis of 4 shares new preferred stock plus $17.25 cash for one share of old 6% preferred stock: (2) 54,558 shares in exchange for 45,465 shares outstanding Class A common stock on basis 1 1/5 shares new preferred stock plus $16 cash for one share Class A common stock; and (3) 38,852 shares will be sold first to stockholders of company other than Transamerica Corp., parent company, at $25 per share, with the unsubscribed portion to be sold to Transamerica Corp. at same price. The cash payments in (1) and (2) exchange offers represent unpaid cumulative dividends to Dec. 31, 1941; in connection with offering under (3) above, a cash offer is also to be made in an amount necessary to cover cash payments in the above exchange offers.

Registration Statement No. 2-4947. Form A2 (2-13-42—San Francisco)

Registration Statement withdrawn May 11, 1942

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

Amendment filed May 7, 1942 to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed May 5, 1942, to defer effective date

EAST TEXAS SALT WATER DISPOSAL CO.

East Texas Salt Water Disposal Co. filed a registration statement with the SEC for 19,750 shares common stock, $100 par value

Address—706 Citizens National Bank Bldg., Tyler, Tex.

Business—Incorporated on Jan. 20, 1942, under laws of State of Texas. Business of company will be the gathering, storing and impounding of water containing salt and other substances produced in the drilling and operation of oil wells in the East Texas oil fields, and the prevention of the flow of such water into streams. Company's outstanding common stock is owned principally by a group of seven large oil companies.

Underwriting and Offering—The common stock will be offered to the public direct by the company, through its officers and employees, at $100 per share. There will be no underwriting.

Proceeds will be used for working capital and corporate purposes.

Registration Statement No. 2-4986. Form A-1 (4-13-42)

Registration effective 12:30 p.m. E.W.T. on April 17, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2 (9-17-41)

Amendment filed May 5, 1942, to defer effective date

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed April 27, 1942

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered **with SEC 140,400 shares common stock,** $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendment filed May 2, 1942, to defer effective date

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu. rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public

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for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

HYGRADE SYLVANIA CORP.

Hygrade Sylvania Corp. filed registration statement with SEC for 50,000 shares 4½% cumulative convertible preferred stock, $40 par; and 105,000 shares common stock, no par, the latter reserved for conversion of the preferred stock

Address—60 Boston St., Salem, Mass.

Business—Engaged in manufacture and sale of electric incandescent lamp bulbs, radio receiving tubes, fluorescent lamps and fixtures, and other electronic products and certain chemical products directly or indirectly related to the foregoing. Regular and special products, to a large and increasing extent, are being supplied to the military services and for other war uses

Underwriters of the preferred stock, and the number of shares which each has agreed to underwrite, are as follows:

Jackson & Curtis, Boston	14,000
Lee Higginson Corp., Boston	10,000
Estabrook & Co., Boston	7,500
Merrill Lynch, Pierce, Fenner & Beane, New York	7,400
Putnam & Co., Hartford, Conn.	2,000
Hale, Waters & Co., Inc., Boston	1,600
Graham, Parsons & Co., New York	1,500
Whiting, Weeks & Stubbs, Inc., Boston	1,500
Yarnall & Co., Philadelphia	1,000
Minsch, Monell & Co., Inc., New York	1,000
Brush, Slocumb & Co., San Fran.	500
Herbert W. Schaefer & Co., Balt.	500
Stein Bros. & Boyce, Baltimore	500
Van Alstyne, Noel & Co., New York	500
Wyeth & Co., Los Angeles	500

Offering—The preferred stock will be offered to the public, at a price to be supplied by amendment to registration statement. The underwriting commission is $2 per share

Proceeds will be used for additional working capital

Registration Statement No. 2-4974. Form A2 (3-30-42)

Amendment filed May 2, 1942, to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock owned by parent company, at latter's cost. Balance of net proceeds will be used to purchase from General Telephone Corp. the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Illinois Commercial Telephone Co. on March 19, 1942, filed an amendment to its registration statement disclosing that it now proposes to offer to the public $5,750,000 first mortgage 3½% bonds, due March 1, 1972. Previously, in original registration statement filed on Oct. 24, 1941, company had proposed to sell $5,750,000 of first mortgage 3⅜% bonds, due 1971, and 24,000 shares of $5 cumulative preferred stock, no par value

Proceeds from sale of the $5,750,000 of first mortgage 3½% bonds, due 1972, together with other funds of the company, are to be used to retire the outstanding $5,750,000 of first mortgage series A 3¾% bonds, due 1970

Underwriters of the 3½s of 1972, and the principal amount which each has agreed to underwrite, are: Bonbright & Co., New York, $2,875,000; Paine, Webber & Co., New York, $2,156,000; Mitchum, Tully & Co., Los Angeles, Cal., $719,000

Registration Statement withdrawn May 8, 1942

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed May 8, 1942, to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters who are to acquire such shares as follows Southern Bell Telephone & Telegraph Co and Chesapeake & Potomac Telephone Co of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2 (12-6-41)

Registration Statement withdrawn May 8, 1942

KLINE BROTHERS COMPANY

Kline Brothers Co. filed a registration statement with the SEC for $322,300 of 5% sinking fund notes, due May 1, 1952, and registration statement for certificates of deposit to be issued to holders of outstanding 5% notes of company, under plan of exchange

Address—132 W. 31st St., New York, N.Y.

Business—Operates 19 retail department stores located in various cities in Illinois, Michigan, Ohio, Iowa, Missouri, Pennsylvania and Georgia, selling merchandise of the character generally sold in small department stores

Offering—The new 5% notes will first be offered, par for par, in exchange for the outstanding 5% notes due Dec. 31, 1943, and May 1, 1944; latter noteholders, depositing under the exchange plan, will receive equal amount of certificates of deposit. Such of the new notes not issued in exchange for the outstanding 5% notes, will be sold to public, at 100 and accrued interest

Underwriting — Illinois Securities Co., Joliet, Ill., is the underwriter of the notes not issued under exchange plan

Proceeds will be used to retire all outstanding 5% notes of company

Illinois Securities Co. is reorganization manager

Registration Statements No. 2-4966 (D-1A, covering certificates of deposit) and 2-4967 (A2, covering new notes). (3-16-42)

Registration effective 4 p.m., EWT, on May 6, 1942

LIBERTY AIRCRAFT PRODUCTS CORP.

Liberty Aircraft Products Corp. filed registration statement with SEC for 60,000 shares Cumulative Convertible Preferred Stock, no par (dividend rate to be supplied by amendment), and 120,000 shares $1 par value common stock, latter to be reserved for issuance upon exercise of conversion rights of the preferred stock

Address—Farmingdale, N. Y.

Business—Engaged in manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. Owns about 50% of the outstanding common stock of The Autocar Co., which is engaged chiefly in the manufacture and sale of medium and heavy-duty motor trucks

Offering—The preferred stock will be offered to the public at a price to be supplied by amendment; the proposed maximum offering price, based on the SEC filing fee, is $25 per share

Underwriting—E. H. Rollins & Sons, Inc., New York, is named principal underwriter; names of the other underwriters will be supplied by amendment.

Proceeds will be used to the extent of $900,000 toward part payment of outstanding bank loans, and the balance will be added to working capital

Registration Statement No. 2-4934. Form A2 (1-28-42)

Registration Statement withdrawn May 8, 1942

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendment filed May 5, 1942, to defer effective date

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., filed an amendment with SEC on May 7 to its original registration (No. 2-4893) filed Nov. 11, 1941, to the effect that it proposes to issue $4,000,000 first mortgage series D 3⅜% bonds, due 1972, at the present time. Originally company asked permission to issue $42,000,000 first mortgage series D 3⅜% bonds, but received no bids for the issue Dec. 16, 1941

Address—110 N. Illinois Street, Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds will be used to finance new construction and other improvements to fixed capital

Bids will be received by the company at Room 830, Peoples Gas Building, 122 So. Michigan Ave., Chicago, before 12 noon, CWT, on May 18, for the sale of the issue

Effective—10 a.m. EST, on Dec. 6, 1941

SHENANGO VALLEY WATER CO.

Shenango Valley Water Co. filed registration statement with SEC for 7,000 shares 5% cumulative preferred stock, $100 par

Address—Sharon, Pa.

Business—This subsidiary of Consumers Water Co. supplies water service principally in the city of Sharon, Mercer County, Pa.

Underwriting and Offering—The 5% preferred stock will first be offered in exchange to holders of the outstanding 6% preferred stock, on basis of one share of 5% preferred plus $5.13 in cash for one share of 6% preferred. Holders of at least 3,686 shares of 6% preferred must accept exchange offer before such exchange will be made. Such of the shares of 5% preferred as are not issued under the exchange offer will be underwritten and sold to the public, at 100. H. M. Payson & Co., Portland, Me., is the principal underwriter; names of the other underwriters will be supplied by amendment

Proceeds will be used to redeem all of the outstanding unexchanged 6% preferred stock, to pay the cash adjustment called for by the offer of exchange, to pay whole or part of outstanding $236,000 of notes payable of company, and to provide funds for completion of plant additions and improvements

Registration Statement No. 2-4983. Form A-2. (4-3-42)

Registration statement withdrawn April 30, 1942

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed May 6, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,585 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Amendment filed May 6, 1942, to defer effective date

TREASURE MOUNTAIN GOLD MINING CO.

Treasure Mountain Gold Mining Co. filed a registration statement with the SEC for 150,000 shares common stock, 25 cents par value

Address—Denver, Colo.

Business—Company has been organized to develop and operate gold and silver mines on Treasure Mountain, in San Juan County, Colo.

Underwriting—None

Offering—Company will sell such shares directly to the public, at a price of 50 cents a share

Proceeds will be used for working capital

Registration Statement No. 2-4937. Form S3 (1-29-42)

Amendment filed April 25, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed April 27, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new share for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed April 23, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed May 5, 1942, to defer effective date

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. on April 29, 1942, filed amendment registration statement, disclosing that it now proposes to sell, under the competitive bidding rule of Holding Company Act, $26,000,000 of first mortgage 3¾% bonds, due Feb. 1, 1972, and $10,500,000 of sinking fund debentures, due May 1, 1957; debentures are to bear interest at not exceeding 5% per annum, with specific interest rate to be supplied by later amendment.

Previously, in its original registration statement filed with SEC Dec. 13, 1941, company then proposed to sell $22,800,000 first mortgage 3½s, due 1971, $5,700,000 2½% to 3½% serial notes, due Dec. 1, 1951, 70,000 shares 5¼% cumulative preferred stock, $100 par, and 628,333 shares common stock no par.

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Net proceeds from the sale of the $26,000,000 3¾% bonds and the $10,500,000 debentures, will be used as follows: $37,239,193 to the redemption, purchase or prepayment of all funded debt of the company and Virginia Public Service Generating Co.; $360,000 to pay expenses of present financing; payment of accrued interest on the debt securities to be retired; and the balance will be pledged under the mortgage to be available for property additions.

Public offering prices, and names of the underwirters, will be furnished by post-effective amendment to the registration statement

Registration Statement No. 2-4913. Form A2. (12-12-41)

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Amends Prospectus Form

The Securities and Exchange Commission has made known an amendment to the instruction book for Form A-2 which is the form used, generally speaking, for registration of securities of seasoned corporations under the Securities Act of 1933. The amendment relates to the instructions regarding the short form prospectus for employees' savings, profit sharing or pension plans, says the Commission, which also states:

It permits the omission from such prospectuses of certified financial statements meeting the Commission's requirements provided the prospectus includes or is accompanied by financial statements which, except for certification, are in substantial compliance with the Commission's requirements and provided further that certified statements meeting those requirements are made conveniently available to employees who are members of the plan at their places of employment within 120 days after the end of the fiscal year.

Wall Street To Hold Patriotic Rally

The financial district's greatest patriotic rally since the days of World War I will be held at the corner of Nassau and Wall Streets on Monday, May 18, beginning at 12 Noon. Emil Schram, President of the New York Stock Exchange, which is observing its 150th anniversary, will preside. The United States Army Band from Fort Jay will give a concert, Miss Lucy Monroe will sing a solo and there will be community singing of patriotic and service songs led by the Downtown Glee Club, an organization of 200 voices and conducted by George Meade, choirmaster of Trinity Church.

Frank C. Walker, Postmaster General of the United States, will give the keynote talk. Newbold Morris, President of the Council of the City of New York; Richard C. Patterson, Chairman of the New York State War Savings Staff, and Winthrop W. Aldrich, Chairman of Chase National Bank, representing the general financial community, will also participate.

The vital necessity for those at home to support the men in service by investing in War Bonds will be emphasized. The United States Army will have on display a variety of military equipment so that those attending the rally can clearly visualize what their dollars are buying.

Special guests who will attend include Lt. William McC. Martin, Jr., United States Army, previous President of the Stock Exchange, and Lt. Charles B. Harding, United States Navy, previous Chairman of the Board of the Exchange.

The facade of Federal Memorial Hall will be decorated with flags and red, white and blue bunting. Jeeps, tanks and artillery will flank the speakers' stand, which will occupy the spot where George Washington took the oath of office as first President of the United States, during whose administration the New York Stock Exchange was organized.

Many downtown business organizations are planning to allow their employees extra time for lunch so they may attend the rally. A loud speaker system will be installed.

Before and after the rally the A. W. V. S. will maintain a booth for selling War Stamps and War Bonds on the fourth floor, 20 Broad Street, where the New York Stock Exchange Philatelic Society will hold its annual stamp exhibit.

Our Reporter On "Governments"

(Continued from First Page)

source can sell these, it's the financial community's high-priced sales force. . . . But at the rate things are going today, Morgenthau may well be pleased if he gets his $350,000,000. . . . That's a lot of money. . . .

He probably will get the money, some experts predict. . . . He may get more. . . . But whether he gets the cash this time or not isn't nearly as important as the fact that Morgenthau is leaning entirely upon non-commercial banking sources for the cash. . . . He's ignoring the institutions that make up the market itself, that are responsible for its price swings, that are the very meaning of the Government mart. . . .

The 2½s aren't an especially attractive issue, as Government issues go. . . . Just compare it with the war bond series E, for instance. . . . On one, there's a return of 2.9% for 10 years. . . . On the other, there's a return of 2.5% for 25 years. . . . Why any individual should buy the 2½s is beyond the understanding of this column. . . . Probably none but the wealthiest and most patriotic will. . . .

INSURANCE COMPANY POWER

As far as insurance companies are concerned, their buying power is definitely limited. . . . Their excess reserves can't be increased or decreased at will. . . . They have just so much cash to invest—whether it's at 2.5% for a bond that has a bottom of par or whether it's at 3% for an obligation of an American corporation. . . .

To get an idea of insurance company purchases to date may be significant, therefore. . . . Up to the end of April, the leading life insurance companies of the United States bought about $500,000,000 Government bonds, representing nearly 43% of their total investments for 1942. . . . In the same 1941 period, they bought $215,000,000 Government obligations, representing nearly 19% of their total purchases for that time last year. . . . So far this year, the insurance companies have bought about $1,200,000,000 of securities and mortgages, which is just about what they invested in 1941 during the same months.

Now let's see what they can buy during the balance of the year. . . . We should be able to figure it out just on the basis of the statistics at hand. . . . Being liberal, the answer is the insurance companies may be expected to purchase $1,500,000,000 U. S. Government obligations, preferably carrying long-term maturities, in the 1943 fiscal year. . . .

That's all. . . . Less than the amount the Treasury is asking from the market this month. . . .

MUTUAL SAVINGS BANKS

These aren't of much importance as Government bond investors these days. . . . Between the normal ceiling on their investments and the fact that the banks are fighting a movement on the part of deposits to draw down their accounts, the savings institutions, in fact, may be expected to dwindle in importance as Government bond buyers. . . .

The amount? . . . Well, they bought $312,000,000 Government issues in the 1941 fiscal year. . . . They apparently are going to have added $300,000,000 to their portfolios when this fiscal year ends. . . . Put the figure at the same mark and we can expect the savings banks to contribute $300,000,000 during the 1943 fiscal year. . . .

OTHERS

In the 1941 fiscal year, sources other than commercial banks actually sold Government bonds on balance, the figures show. . . . The total went down $300,000,000. . . . In 1942, the American Bankers Association recently estimated that sources outside of commercial banks may be considered responsible for $2,400,000,000 of the increase in the public debt. . . .

Consider that figure for 1943, therefore. . . . It's probably as close to accurate as we can find. . . .

THE CONCLUSION

We have driven at a definite point in presenting these figures, incidentally—a point which should be clear by now. . . . Obviously, if the Treasury is to persist in (1) issuing tap issues and (2) excluding commercial banks, it may expect to raise only minor amounts of money from use of this method. . . .

Therefore, either the Treasury is going to abandon (1) the system entirely or (2) include commercial banks next time or (3) make the tap method of financing a minor part of its over-all financial policy. . . .

These are important conclusions, if they're correct and the statistical evidence suggests they are. . . .

England has had a good experience with its use of the tap method of financing. . . . But England has not excluded commercial banks from the issues at any time. . . . In fact, England leans most heavily on these for response to its war-time sales of tap issues. . . .

INSIDE THE MARKET

There'll be more about the tap method in the coming weeks. . . . In the meantime, here are some items around. . . .

Still much talk of changing the status of Federal Reserve member banks in New York and Chicago from Central Reserve City banks to Reserve City Banks and by so doing, giving these banks about $750,000,000 in additional excess reserves and expanding their ability to buy Government bonds by about $3,750,000,000. . . . Requirements against deposits would be cut from 26 to 20% in these cities if that simple step were taken by the Reserve Board. . . .

Market hasn't been acting well, but dealers believe that was to be and is to be expected. . . . The launching of war-time novelties in bond peddling is bound to be disturbing—temporarily. . . .

Tax-exempt securities seem more attractive all the time despite their high prices. . . . All you need do is read the tax story headlines and you have the explanation for that suggestion. . . .

Purchase of intermediate-maturity bonds by commercial banks recommended by shrewd dealers now—as these are the only ones not affected by the recent new issues. . . .

Emanuel to Admit Schubert

Charles B. Schubert will be admitted to partnership in the New York Stock Exchange firm of Emanuel & Co., 50 Pine St., New York City, on June 1.

Sagar Admitting Delaire

Alvin J. Delaire will be admitted as of June 1 to partnership in W. S. Sagar & Co., 30 Pine St., New York City, members of the New York Stock Exchange.

Result Of Treasury Bill Offering

The Treasury on May 11 sold its first series of $250,000,000 of 91-day bills under the May financing program. Secretary Morgenthau invited tenders for these bills, dated May 13 and maturing Aug. 12, 1942, on May 8, and they were opened at the Federal Reserve banks on May 11. The following details of this issue are revealed:

Total applied for—$546,350,000.

Total accepted—$250,692,000.

Range of accepted bids: (Excepting two tenders totaling $15,000).

High—99.938, equivalent rate approximately 0.245%.

Low—99.905, equivalent rate approximately 0.376%.

Average price—99.907, equivalent rate approximately 0.368%.

15% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on May 13 in amount of $150,049,000.

The increase in the offering of Treasury bills from the regular $150,000,000 issue, to take care of maturities, to $250,000,000 is part of the Treasury's three-point May financing program. Secretary Morgenthau had revealed on April 30 that the bill issue, beginning with those dated May 13, would be $250,000,000 for the next several weeks, thus providing the Treasury with $100,000,000 in "new money." The other parts of the financing program involved the offering of $1,250,000,000 of 2% bonds of 1949-51 and an unspecified amount of 2½% bonds of 1962-67 (see these columns of May 7, page 1792, for details).

In a circular calling attention to the increased bill offering, Allan Sproul, President of the Federal Reserve Bank of New York, had the following comment to make:

> In recent years there has been a scarcity of high grade short term paper available for temporary investment of the funds of banks, corporations and others, and a plethora of such funds seeking investment. In these circumstances yields on Treasury bills declined to levels so low as to be unattractive to many banks and other investors. With the increase in weekly offerings now announced, however, Treasury bills will be more generally available, and the rise in yields that has occurred during the past six months has made them more attractive investments.
>
> It is believed, therefore, that the larger offerings of these securities will serve a useful purpose in providing employment for funds which banks and others wish to keep in liquid form because of anticipated or possible needs for the funds within relatively short periods. The presence of a larger volume of Treasury bills in the market should be helpful in promoting a better distribution of excess bank reserves, as the shifting of reserves from places where there are large surpluses to points where additional reserves are needed would be facilitated by purchases and sales of these obligations. As an added means of assuring the liquidity of investments in Treasury bills, aside from the short maturity and ready marketability of the securities, the Board of Governors of the Federal Reserve System announced on April 30 that the Federal Open Market Committee had directed the Federal Reserve banks to purchase for the System Open Market Account all Treasury bills that may be offered to them, on a discount basis at the rate of ⅜% per annum. This arrangement gives assurance to purchasers of Treasury bills that, in case they have a need for cash before the maturity of the bills, they can obtain it by selling Treasury bills to the Federal Reserve Bank, if necessary.

NYSE Inter-American Hospitality Committee

Emil Schram, President of the New York Stock Exchange, announces the formation of an Inter-American Hospitality Committee, composed of members of the Exchange and partners of Stock Exchange firms, which is prepared to welcome Latin Americans to the Exchange and to the financial district. Mr. Schram, on behalf of the Committee, has sent invitations to Latin American Consuls General, the Presidents of Latin American Chambers of Commerce, and to others prominent in Inter-American affairs.

Clinton O. Mayer, Jr., a member of the Exchange, with offices at 120 Broadway, is Chairman of the Committee. Other members are: Robert DeF. Boomer, of Auchincloss, Parker & Redpath; Jean Cattier, of White, Weld & Co.; Edward L. Cohen, of Edward L. Cohen & Co.; W. Palmer Dixon, of Carl M. Loeb, Rhoades & Co.; Reginald V. Hiscoe, at Thomson & McKinnon; Ralph D. Keilogg of W. R. K. Taylor & Co.; Jerome Lewine, of H. Hentz & Co.; Robert A. Magowan, of Merrill Lynch Pierce, Fenner & Beane; Cornelius Shields, of Shields & Co., and Joseph E. Swan, of E. F. Hutton & Co.

RFC Builds Hotel For D. C. Girl War Workers

A new 250-room hotel for girl war workers in Washington will be ready for occupancy in about two weeks, it was announced on May 11 by Ralph S. Scott, builder. In reporting this, a Washington dispatch to the New York "Herald Tribune" said in part:

> The hotel has a corridor called "Lovers' Lane." On each side of "Lovers' Lane" are "beau parlors" with velvet curtains. Each of these rooms bears a romantic title.
>
> These parlors will be decorated in the style and period of the lovers whose names adorn the entrance. In addition, an electric organ has been installed a tone end of the corridor to lend a musical touch to the meetings.
>
> The rooms will cost the girls $8 a week.
>
> The $500,000 building, erected with funds of the RFC, will house only women war workers. Already there are twice as many applications as there are available rooms. The building is at 22d and O Streets, N. W.

Offer Retail Appeal

The 6% cumulative preferred voting trust certificates of Houston Oil Co. of Texas and the certificate of deposit 5s of 1973 and 6s of 1949 of Philadelphia & Reading Coal & Iron Co. have particular retail appeal, according to circular issued by Schoonover, de Willers & Co., Inc., 120 Broadway, New York City. Copies of these interesting circulars may be had from Schoonover, de Willers & Co. upon request.

Final Edition THURSDAY In 2 Sections — Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

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Sees U. S. Credit And Resources As Prosperity Keystone In Post-War Era

Despite the war's adverse effect on America's living standards, the post-war interdependence of nations will tend to lift the standard of living for mankind throughout the world, Henry H. Heimann, Executive Manager of the National Association of Credit Men, declared on May 11 in his keynote address, "Credit for the Duration—and After!" before the 47th annual Credit Congress in Cincinnati of the National Association of Credit Men. With this prediction, Mr. Heimann cautioned the credit and financial executives from 44 States in attendance at the convention that "we must not overlook the fact that those nations which are best able to produce will make the greatest contribution. "It will need," he said, "the combined efforts of productive ability and credit facilities to bring to the world a realization of just what the better way of life means." Although the primary purpose of the Credit Congress (May 10-14), jointly sponsored by the Cincinnati Association of Credit Men and the National Association of Credit Men, was planned to discuss credit problems and the elimination of credit abuses, the underlying subject engaging the attention of the delegates was the ills of distribution, it was indicated by Frederick H. Schrop, Director of the meetings. "If it were not for the extraordinary problems of distribution, our credit problems would be comparatively small," Mr. Schrop pointed out in a statement issued May 6 preliminary to the meeting. "The chaotic state of the merchandising field has produced," he said, "most of the credit evils and abuses about which our members are concerned."

One of the very important home front economic battles that we have faced, Mr. Heimann said, is that of rising price structures to the point of serious inflation. "It is idle," he said, "to speak of control of inflationary forces if we approach our program in a cowardly fashion," he warned. "This war entails sacrifice, not for the other fellow, but for you and me, for every living human being." Mr. Heimann went on to say:

No segment of our people, irrespective of their political strength or their bellicose attitude, or their blustering de-

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

This column is written for business men. They are the Untouchables of America. But they have their hopes and what they are always asking of us in Washington is about Trends. I know of any number of expert economists who operate profitable services telling them about these trends but it is now my ambition to draw them a chart. It is a chart of where we have been—one must understand it to realize where we are going—and then I shall proceed to chart our future, one of the most amazing endeavors ever undertaken by even such men as Prof. Babson.

Now get out your map and your ruler. And think of the period of 1933. We have here a geography of the North and of the South. They have apparently always been in conflict. Just why two sections in the same country would have always been this way, I do not know. But it seems that they have been. Now, the human element enters into these economic factors. Some of our broadest minded, most advanced economists are inclined to overlook this and I have in mind, Prof. Babson.

The human element in this instance was Fannie Perkins. She had an idea which should have taken her over into the inventive field but it didn't. She was an economist at heart. She doped out that the trend of commerce had always been from the South to the North, instead of vice versa or both ways. Well, a one-sided trend didn't constitute commerce and Miss Perkins was determined to have commerce. The only thing to do, obviously, was to turn the map upside down. That is to say, turn it so that the commerce or trends would flow northward and then, turn it again, so that they would flow southward. This constituted, as you must be well aware, trade activity. Of course, some cynical people would say, that it created trade turmoil, but now we are simply toying with words.

Anyway, from that success of

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Editorials

THE FINANCIAL SITUATION

The people of the United States are now launched upon an orgy of regulation and control with which nothing in their experience even remotely compares. It would be quite accurate to use such terms in describing the regimentation even now being imposed or scheduled for the immediate future. It would, however, require a good deal of optimism to suppose that we have as yet tasted of all the compulsions with which we shall become acquainted during the next year or two unless this war comes unexpectedly to a close meanwhile. Each new regulation appears merely to whet the appetite of the irrepressible Mr. Henderson, and it must be said that it is at times difficult to avoid the impression that there are those who regard restrictions as possessing some occult virtue in and of themselves, or perhaps have reached a strange psychological state characterized by an "inner compulsion" to sweeten the souls of American citizens by imposing hardships upon them.

But, however all this may be, we have now entered upon a campaign of endless regulation, and in so doing have saddled upon ourselves the most staggering administrative task ever undertaken on this side of the Atlantic and the Pacific. This task has been undertaken by a regime which is notoriously weak in administration, and at a time when national election campaigns are about to get under way. Will it be possible to administer prices, ration sugar, tires, gasoline, and do all the rest that seems to be on the way—and yet keep it all free of politics as Mr. Hopkins was never able to do with his WPA? There are a good many who suppose that some measure of effectiveness and fairness is assured by local administration of all, or most, of these multifarious activities, but it is to be recalled that some of the worst abuses of the WPA were "local" and "locally" perpetrated.

Regulation Not Simple

Let it not be supposed that these sundry regulations which local boards must administer, are all simple rule-of-thumb affairs. Retail price ceiling rules as written and as they now stand appear indeed to be utterly beyond anything in the nature of precise administration. Their enforcement must of necessity be of the hit or miss order, since an army of men and women would be required to apply the procedures literally with fairness and effectiveness—if, indeed, they could be applied at all. Sugar rationing appears relatively simple on paper, but enforcement would

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Far Too Simple

I am confident * * * that the sentiment in every city and every town and in almost every homestead of this entire land is that when we have won this war—and by that I mean when we have completely subdued those whose will and practice would be to enslave the world—when we have thus freed ourselves from threat of slavery and many millions from its very bonds—we have only cleared the way for our real task.

We must then use the full force of our influence and enlightenment as a Nation to plan and establish continuing agencies under which a new world may develop—a world worth the fight and the sacrifice we have made for it.

For America must choose one of three courses after this war: Narrow isolationism, which inevitably means the loss of our own liberty; international imperialism, which means the sacrifice of some other nation's liberty; or the creation of a world in which there shall be an equality of opportunity for every race and every nation.—Wendell L. Willkie.

If world problems only were really so simple!

Fuel Oil Flow Cuts Gasoline Movement

The Office of the Petroleum Coordinator on May 11 announced a new program designed to increase heavy fuel oil supplies in the East at the expense of gasoline and to increase the extraordinary movement of oil by tank car, according to an Associated Press dispatch from Washington. The program provides:

Formation of a joint tank car subcommittee for the East, Middle West and Gulf districts charged with the responsibility of obtaining maximum efficiency in use of tank cars and assuring that the cars will be utilized to meet critical problems of supply in each district.

Movement of 75,000 additional barrels of heavy fuel oil daily from the Gulf Coast and the same amount from the Middle West.

Arrangement of East Coast refinery operations so that minimum amounts of crude oil shall be used by refineries which are making petroleum war products and so that heavy fuel oil production will be increased at the expense of gasoline.

Apportionment of crude supplies among East Coast refiners so all shall receive amounts in proportion to their runs during the last six months of 1941.

Movement of an additional 100,000 barrels of East Texas crude into the East daily so that refinery operations there may be maintained at 400,000 barrels daily.

Movement of 10,000 additional barrels of gasoline daily into the East by Great Lakes tankers.

Supplying of the Southeastern States from points of entry on the Gulf Coast and Mississippi River.

Utilization of rail facilities for at least 100,000 barrels of oil daily up the Atlantic seaboard from the South.

In order to increase heavy fuel available from the Middle West the industry refining committee is required to work out refinery schedules to produce the fuel at the expense of motor gasoline and is called upon to arrange purchases, sales, exchanges and loans of heavy fuel oil so that supplies may be concentrated at Midwestern points from where they may move East in train-load lots, the dispatch added.

Three-Gallon Limit Set On 'Gas' Ration

Price Administrator Leon Henderson on May 9 set the basic gasoline ration at three gallons a week, effective tomorrow (May 15) for motorists of the Eastern seaboard who register on May 12, 13 and 14 and who are engaged in non-essential driving. Under the order, there will be five kinds of ration cards issued which will show the gallonage purchaseable during the seven-week period from May 15 to July 1, viz:

A card holders—non-essential motorists driving less than six miles daily—21 gallons.

B-1 card holders—Those who must drive from six to ten miles daily—33 gallons.

B-2 card holders—Those who must drive from ten to fourteen miles daily—45 gallons.

B-3 card holders—Those who must drive more than fourteen miles daily—57 gallons.

X card holders — "Essential" motorists, such as doctors who cannot predict their daily mileage—unlimited gasoline for essential uses.

This rationing program will not be applied to 93 counties in western New York, Pennsylvania, Maryland, West Virginia and Virginia, it was stated.

[The 'gas' ration cards were described in May 7 issue, page 1784].

Editorial—

Taxes On Utilities In Reality A Tax On Stockholders

By HAROLD FLEMING

It has been sometimes said that the Administration in Washington decided to destroy the utility holding companies through higher taxes when it found that it could not break them up through the Section 11 death-sentence.

There is nothing to this canard for a multitude of reasons. In the first place the tax increase was not aimed especially at the utilities. It was aimed even more at the banks, particularly through the method of increasing the "surtax" instead of the "normal tax." In fact the additional surtax is a peculiar kind of surtax which does not affect the utilities quite as much as certain other industries. If it is passed, their normal-tax-plus-surtax will be only about 50% (not 55%) of what is left after the excess profits tax on everything over 95% of their average earnings in 1936-1939.

But there are other reasons for rejecting this far-fetched theory. One is that there are plenty of ways of "getting" the holding companies besides taxes. One is the tried and tested way of competing with them with taxpayers' money, which continues. Another is to apply "prudent investment" or "original cost" theories to their books regardless of the Supreme Court's recent decision (not in accord with it) in the Natural Gas Pipeline Company case. And still another is to keep right on prodding them with the death-sentence, which the Commission says it is going to do.

However, the tax proposals do hit hard. Taking a list of the big companies, by and large their common-stock earnings will be sheared by a half to three-quarters by the tax. That is not really a tax on the companies but on the stockholders. It is a particularly hard one because the companies have been taking care of their own needs for cash substantially through increased depreciation charges in recent years, and have been paying a large portion of the net remainder after taxes to the stockholders in dividends. Hence utility stockholders are among the hardest-hit of all stockholder groups by the recent proposals, as the current below-1932 level of utility share averages indicates.

It will be difficult for the industry to recoup this in order to continue obtaining for its stockholders a "fair return" on their money. Getting rate increases is no way to protect stockholders' return anyway; it is usually done by economical and thrifty operation, which lowers costs, and raises the net—and then by fighting off the efforts of politicians, commissions, and consumers to seize this through rate reductions.

Some compensating rate increases can be obtained, probably, from large industrial users through the so-called "coal and tax clauses." Such users understand the fiscal problems of the power companies, do not feel their rates heavily at present, and would rather be presented with a bill for higher rates today than after the war when they may be eager for every possible operating economy. Some increase might theoretically be obtained from residential consumers. But here the problem is political and involves the question of stirring up a hornet's nest by raising the initial rates, paid by all customers, or the stepped down rates for the third, fourth, or remainder block of electricity bought by the consumer, in which case the consumer may retaliate by the simple process of turning off the lights when he goes out.

However, the whole thing is nearly a labor of Sispyhus, for the simple reason that out of each $1,000,000 of revenue recouped through rate increases the tax-gatherer would still garner his 72% or 88%.

One of the curious aspects of the present utility picture is the absence, so far, of any power shortage—except last fall in the Tennessee Valley. For years the Federal Power Commission has been warning the country of an impending power shortage, and belaboring the companies for shortsighted expansion programs.

Along comes the war and accelerates American business to a rate of activity (and power consumption) undreamed of by the Power Commission. Along comes the two-ocean navy program and puts such a burden on the builders of steam and hydro-turbines that they cannot possibly fill the stepped-up requirements of the power companies for new generators. Along comes an almost unprecedented water shortage on the Atlantic Seaboard in 1941, the effects of which have not yet entirely been washed away with rain. And along comes news that industry after industry, criticized by the TNEC and other farseeing and high-minded bodies before 1940 for over-capacity, is now unable to fill all orders.

Yet, except for minor shortages here and there, the electric power industry is still batting the power out to all who ask for it.

A word is in order for the gas industry. Overshadowed by its younger but now bigger utility brother, the electric power industry, its annual gross of nearly $1,000,000,000 is often overlooked by outside commentators on the utility business. From 1929 to 1939 it quietly increased the industrial use of gas by about 40% while coal consumption was tumbling 30% and coke by 31%, and fuel oil consumption rose only 2.3%.

But its big achievement has been in providing the arms program with vastly improved methods of heat treatment. Shipments of gas-using equipment for industrial use are at new peaks. In the modern tank, gas is used for some 15 different heating operations in hardening the armor plate. Technical research has made it possible to get far superior results in a heating cycle of 100 hours than would have required 400 to 600 hours in the first World War. Natural gas companies are now playing a major role in supplying industrial fuel to the war program. Meantime the gas industry, two years before the war began in Europe, started to prepare itself against a state of war here, by learning how to protect plants, transmission lines and other facilities from air raids and sabotage.

The State Of Trade

Most of the heavy industries continue to report further substantial gains, especially as compared with last year's figures. Steel production in the United States will reach the highest levels on record in the current week, according to the American Iron & Steel Institute.

Schedules have been set at 99.6% of capacity, up a full point from last week's rate of 98.6%. The latest level will result in production of 1,691,800 net tons of steel ingots, or 10,200 tons above the previous all-time high of 1,681,600 tons for the week ended March 23.

Another factor that reflects the steadily expanding war production effort is the report on electric power production. A contra-seasonal gain in electric power production for the week ended May 2, 1942, was reported by the Edison Electric Institute. The amount of electricity distributed by the industry in the week amounted to 3,304,602,000 kilowatt hours, a gain of 1.3% over the output of the preceding week and an improvement of 12.2% over the corresponding week in 1941.

Loading of revenue freight for the week ended May 2 totaled 858,904 cars, according to reports filed by the railroads with the Association of American Railroads. This was a decrease of 2,449 cars from the preceding week this year, 64,605 more than the corresponding week in 1941 and 193,357 cars above the same period two years ago.

This total was 137.74% of average loadings for the corresponding week of the 10 preceding years.

However, it is pointed out that the American economy has yet to be transformed to a full war basis. The process of transition is now under way, but informed sources state it still has a long way to go.

Chairman Paul V. McNutt of the War Manpower Commission says that between now and the end of the year 10,500,000 additional workers will be needed in war industry. Since there are about 7,500,000 workers in defense plants now, this would bring the total number of persons so employed far above any estimate hitherto made. It is pointed out that to provide these added workers, millions of women, young persons and men already retired will have to be brought into industry. Vast numbers of persons will have to be moved from their present homes to the communities where the war plants are located. Vocational training programs, which have enrolled 3,750,000 persons to date, will have to be greatly extended.

Observers state that the contraction of civilian goods production is only now beginning to show its effects. Even at this time retailers are selling many types of merchandise which cannot be replaced, or which soon will be unobtainable for replacement purposes. Leon Henderson predicted anew that a year from now the civilian standard of living of the Nation will have fallen to that of 1932.

Rapidly expanding employment and a dwindling supply of consumption goods and services already have brought into being an over-all freezing of commodity prices. Similar drastic controls for labor also will become increasingly necessary.

Labor-management committees for war production drives have been formed in 100 additional plants, bringing the total to 700, it was announced by War Production Board officials. These 700 plants are now engaged in stepping up the production of planes, tanks, guns and other war implements under a voluntary plan offered by Donald M. Nelson, Chairman of the WPB. More than 1,000,000 workmen and managers are enlisted in the drive.

Prominent among those reporting concrete gains in war production is B. F. Goodrich Co. Suggestions at the Akron plant of this company for speeding production have increased 75% since March 29, when the Committee began functioning. Two-thirds of all the suggestions submitted by workers have been so sound they have already been put into practice.

It is reported that output of war materials is running well ahead of schedule, and that official Washington is well pleased with the progress being made toward the goal set by President Roosevelt in his message to Congress calling for production in 1942 and 1943 of 185,000 planes, 120,000 tanks, 55,000 anti-aircraft guns and 18,000,000 tons of commercial shipping.

The planners in Washington now believe that estimates of war expenditures for the fiscal year beginning July 1, next, can be increased from $56,000,000,000 to $70,000,000,000, a $14,000,000,000 jump. It is pointed out that this is almost three times the reported estimate of the war cost to Germany in 1941.

Naturally these huge expenditures for war mean that many more thousands of workers will find jobs in industries making such goods, that the amount of ready cash in the hands of consumers will increase to new highs and that eventually, after present stocks are exhausted, many lines

of merchandise no longer will be available for the public to spend its money on.

Even though employment currently is at high levels and steadily making further gains, and even though the amount of money in circulation is at an all-time peak, retail trade is slackening, not only in department stores, but in mail-order houses, independent stores and in some chain-store organizations. Most companies are still reporting gains in dollar sales, but they are quite small and do not begin to reflect the increases in prices which average about 19% above a year ago. This means that fewer units of merchandise are moving across store counters and into consumer hands.

Observers state that the outlook for retail trade during the second half of the year is clouded somewhat by prospects of further restrictive action aimed at reducing consumer purchasing power.

The Federal Reserve Board's action in curtailing consumer credit further, is the most recent indication that the Government is determined to bolster its price ceiling program with supplementary anti-inflationary moves. Under the new regulations the maximum permissible maturity of instalment sales has been reduced to 12 months.

It is believed that the second half of the year may witness intensified savings drives or programs for limiting spending, or both, with consequent repercussions on retail trade. In view of the large volume of purchasing power on hand, sales are not likely to fall below last year, regardless of possible restrictions.

Price Rules Explained

Retail trade associations representing somewhat over 700,000 establishments that deal directly with the buying public on May 5 were given a detailed explanation of the General Maximum Price Regulation as it applies to retailers at an all-day meeting in Washington with officials of the Office of Price Administration. The regulation which becomes effective as to retail sales of commodies on May 18, 1942, places a ceiling with few exceptions over all prices; reference thereto appeared in these colums April 30, page 1705 and May 7, page 1785.

The meeting was one of hundreds being held in virtually every State in the Union in order to give retailers an opportunity to ask questions regarding the regulation as it affects their various situations.

The morning session of the Washington meeting was devoted to brief addresses by Price Administrator Leon Henderson, J. K. Galbraith and Dexter M. Keezer, Deputy Administrators, Merle Fainsod, director of the recently established Retail Trade and Services Division of OPA, and John Wells, Acting Chief Council of the Retail Trade and Services Division. Hector Lazo, who has taken leave from his position as President of the Cooperative Food Distributors of America to serve as head of the Trade Relations Branch in the new OPA Retail Division, presided as Chairman.

The afternoon session was devoted to questions and answers, during the course of which many of the problems peculiar to retail establishments under the General Maximum Price Regulation were raised by members of the various trade associations and answered by Mr. Fainsod and members of the staff.

THE FINANCIAL SITUATION

(Continued From First Page)

be difficult in many sections, particularly the larger communities, were a marked disposition to develop on the part of the public to evade it. The rationing of gasoline raises much more difficult questions, and will avoid serious scandal only if the public virtually enforces it upon itself—that is, in the larger centers of population at least. If to such tasks as these we presently add regulation of wages and salaries—well, who will be left to fight the war after all the requirements of the regulatory forces have been met?

There would appear to be but one condition under which such ambitious programs of control over the lives of the vast multitude of people in the United States can really have any reasonable hope of succeeding. That condition is one in which the rank and file throughout the land are thoroughly convinced of the necessity of the undertakings in question and intelligently cooperative in seeing that they are made to work. The cooperation that is essential is, of course, not that of the marplot who noses about the neighborhood grocery store or pries into the affairs of friends and acquaintances in the hope of finding something to make a fuss about. That kind of cooperation we shall doubtless have in abundance, but it will make more difficult, not easier, the work of those who undertake to administer these control systems. It is the steady, level-headed, solid citizens in each community who must form the real back-bone of enforcement of such controls.

A Poor Start

It must in all candor be said that the Administration has made a very poor start in gaining the confidence of such individuals. The tenderness with which the affairs of politically powerful groups are touched can scarcely have failed to come to the attention of all such solid citizens. The readiness to place one group under all manner of restrictions while leaving others virtually free of interference has been plain as a pikestaff from the first. The apparent inability of the authorities at Washington to agree or even come near agreeing as to what ought or ought not to be done has not helped matters. Possibly the many false starts, conflicting statements and differences of opinion during the past six months or more about the gasoline situation along the eastern seaboard best illustrate this point. Such an exhibition of official uncertainty and bickering can scarcely fail to leave many wondering if the authorities know what they are about. The rubber situation is like unto it. One moment the public is given the impression that the outlook is fairly comfortable, the next we are told the most alarming stories about shortages or prospective shortages. Recently it has been automobiles themselves which have come in for their share of dark talk. As every one knows, used cars are a drug on the market in many sections. Yet there has of late been talk of "requisitioning" cars now in operation.

Meanwhile the ordinary citizen doing his best to understand precisely what the situation is respecting such things, finds it next to impossible to obtain information. No one seems to know why the situation as to rubber or rubber tires should be so much more hazardous or disturbing than it was two or three months ago. No one, of course, knows how much of these materials is going abroad on lease-lend (possibly for other than strictly military purposes). The welter of confusing and conflicting reports of the progress (or lack of it) with synthetic rubber plans must leave the serious student distressed. So also is it with various reports of techniques which make possible serviceable tires with much less rubber than has in the past been customary. Indeed the fact is that in virtually all instances, the public must either be willing to take the word of such officials as Mr. Henderson (rather, apparently, than that of Mr. Ickes) that the situation is acute and will yield only to Mr. Henderson's programs—or else resign himself to restrictions, the necessity of which he is by no means fully convinced.

Failure Would Be Serious

Now these are not circumstances favorable to a successful detailed control of the individual lives of practically all American citizens. They place an added and wholly unnecessary burden upon any machinery which may be set up for that purpose. They could well cause the failure of that machinery to operate, and the result of such a failure would be infinitely more serious than merely falling short of an objective set forth—a goal which in many instances is not in any event wholly worthy. The rank and file in this country appear, despite much ranting to the contrary in some quarters, to be fully cognizant of the enormity of the war tasks we have set for ourselves. Apart from numerous bureaucrats with vested interests in public office, certain groups who style themselves representatives of the farmers (and possibly although not certainly some farmers themselves) and trouble making labor leaders (and some proportion of the individual wage earners), the people by and large appear to be prepared to do what is necessary and to make what sacrifices are required to bring the undertaking to a successful conclusion at as early a date as possible. All in all, the degree of public cooperation and the relative lack of complaint have been and are remarkable.

Such a spirit will not long survive a situation in which the multifarious control organizations now being organized earn the doubtful reputation which the practical administrative performance of the WPA or the NRA fastened upon these agencies.

Treasury Asks Cut In Income-Tax Exemption

Secretary of the Treasury Morgenthau proposed to the House Ways and Means Committee on May 7 lowering the personal income-tax exemptions so as to produce an additional $1,100,000,000 in revenue, thus bringing the Treasury's pending tax revenue program from its original $7,600,000,000 to $8,700,000,000. In a letter to Chairman Doughton (Dem., N. C.), the Secretary said that "the time has now come" to lower personal exemptions under the individual income tax to $600 for single persons, $1,200 for married couples and $300 for each dependent.

Mr. Morgenthau explained that, of the approximately $1,100,000,000 new revenue which this lowering would yield, $100,000,000 would come from 6,900,000 new taxpayers.

In his tax recommendations to the Committee on March 3, the Secretary said that a further lowering of the present exemptions—$750 for single persons, $1,500 for married persons with a credit of $400 for each dependent—would yield "a relatively insignificant amount of revenue from the earners of very low incomes." However, he explained at that time that he would ask for lower exemptions when he "felt that the expenditures of this group added materially to the danger of inflation." Mr. Morgenthau's March proposals were referred to in these columns of March 5, page 952.

In his latest recommendation, Mr. Morgenthau also reiterated his previous proposal for expanding the social security tax program so that $2,000,000,000 more would accrue from these increased taxes. Mr. Morgenthau's letter to Chairman Doughton, as made public May 7, follows:

> I have been reconsidering certain aspects of the tax program in the light of our constantly increasing war expenditures.
>
> In my opinion the time has now come to revise the program presented to the Committee on March 30 by lowering the proposed personal exemptions under the individual income tax to $600 for single persons, $1,200 for married couples and $300 for each dependent.
>
> This would produce additional revenue of approxmiately $1,100,000,000, of which $100,000,000 would come from 6,900,000 new taxpayers.
>
> Such an increase in revenue would, of course, be in addition to the $7,600,000,000 in new revenue proposed on March 3, which I then described as "the very least that the American people can afford to provide at this critical time." It would bring the total additional revenue of the tax program to $8,700,000,000.
>
> I should like also to emphasize the need of expanding the Social Security program and of increasing taxes for this purpose by approximately $2,000,000,000 a year. I hope the Committee will proceed as soon as possible after completing a tax bill to a consideration of changes in the Social Security Law.

Before Secretary Morgenthau made this proposal there appeared to be no likelihood that the House Committee would revise the present personal exemptions. Chairman Doughton said on May 12 that the Committee hopes to get down to votes on rates and exemptions soon.

The Joint Committee on Internal Revenue Taxation, headed by Colin F. Stam, on May 12 recommended to the House group an alternate proposal for raising $1,547,000,000 under a new schedule on individual income taxes. The plan was said to have been offered as a substitute for the Treasury-proposed increase of $4,300,000,000 — $3,200,000,000 in the March 3 recommendations and $1,100,000,000 through the lowered exemptions. The schedule involves lowering exemptions for single persons to $500 and for married persons to $1,000, with the present $400 dependent credit retained. The normal tax rate would be raised from 4% to 6% and surtax rates would range from 11% to 80%, as compared with the present rates of 6% to 77%. The Treasury's surtax schedule proposes rates ranging from 12% to 86%.

The House group on May 6 laid aside temporarily the question of post-war refunds of excess profits to corporations. The Joint Committee on Internal Revenue Taxation told the House Committee earlier the same day (May 6) that the tentatively-approxed excess-profits rate of 94% (referred to in our May 7 issue, page 1777) "will seriously hamper the war effort, stimulate inefficiency on the part of the corporation and tend toward inflation" unless some incentive is granted in the form of a post-war credit. Chairman Doughton said that Committee members desired to give the question further study and had therefore laid aside consideration of various proposals. It is reported by the Associated Press that the Treasury has suggested informally that 10% of a corporation's adjusted excess profits net income—the base upon which that tax is computed—be withheld by the Government until after the war and be repaid in perhaps five equal instalments. The repayments would be tax-free. Another plan would divert 20% of the same base but would make the repayments fully taxable as income.

NY Chamber Of Commerce Urges 48-Hour Work Week

The Chamber of Commerce of the State of New York, at its annual meeting on May 7, adopted a resolution calling for the abolishment of the 40-hour work week in favor of a 48-hour week. The resolution, recommended by the Chamber's Special Committee on Industrial Problems and Relations, headed by Lewis R. Gwyn, said that "during this period of national emergency when the services of skilled workers are urgently needed the Chamber of Commerce regards 48 hours as the proper minimum measure of a week's work." The Chamber's resolution further said that "retention of a 40-hour week, with penalty overtime, jeopardizes the success of our war effort; and recommends that Congress pass appropriate legislation to this end."

Simplification of Holding Company Systems Essential For Survival Says Burke of SEC

"Simplification of the corporate and financial structures of many of our holding company systems is highly desirable, if not essential, if they are to stand a reasonable chance of survival during this war and the period of reconstruction to follow," it was stated on May 6 by Edmund Burke, Jr., a member of the Securities and Exchange Commission, in addressing the 22nd annual conference of the National Association of Mutual Savings Banks in New York City. Mr. Burke went on to say, "I have made clear our belief that ordinary common sense requires that our holding company managements act as promptly as possible to put their structures into shape to meet their present pressing financial problems and the demands of the war effort, as well as to cope with the uncertainties of the future."

Mr. Burke also made the statement that "on the basis of your experience and ours, we can see at a glance . . . that the corporate and financial structures of many of our holding company systems do not even meet the standards of peace-time" and, he added, "still less do such structures meet the requirements of our war-time economy." Continuing, he said:

First and foremost, we face the immediate necessity of putting our operating companies into shape to finance war-time construction, as well as to withstand the shocks of readjustment to a post-war economy. The production of many essential war materials calls for a tremendous amount of electrical energy, which, in turn, requires cash for plant expansion and maintenance. The situation cannot be frozen for the duration of the war. Companies confronted with the necessity of financing war-time construction cannot simply mark time. It is difficult to see how many of the operating companies in our holding company systems can finance this new construction without further borrowing. Yet the amount of debt plus preferred stocks of many of them already exceeds what is sound. It is obvious that the creation of additional operating company debt can only tend to make holding company securities more speculative than they are today, unless the holding company structures are simplified. In addition, our operating companies face the possibility of increased operating costs and the probability of increased taxes. All of these factors will undoubtedly affect the flow of cash from these companies to the holding companies above them, and with the complete uncertainty as to the duration of the war and of the period of reconstruction to follow, the need for the rehabilitation of financially sick holding company systems is heavily underscored. Under the circumstances, unless there are compelling reasons to the contrary, it would seem clear that our holding company systems should proceed with the simplification of their corporate and financial structures without further delay.

As a matter of fact, the very factors that are relied on as justifying a general moratorium on the corporate and financial simplification of our holding company systems establish beyond question the necessity of their having reasonably conservative capital structures now.

The Commissioner further said:

The Commission is fully in accord with the thought that both the integration and corporate simplification provisions of the Act must be administered with great flexibility and with full regard for the dominating fact that we are at war and are operating in a war-time economy. Our war needs are paramount, of course, and nothing can be permitted to interfere with them. It is for this reason, for example, that the Commission has given full right of way to operating company financing for new construction. On the other hand, the war must not be used as an excuse for the scuttling of desirable legislative objectives by those who are opposed to them for other reasons entirely, and who would be, and indeed have been, opposed to them even in peace-time.

Mr. Burke went on to point out that "there are obvious and tangible advantages to be gained from a reorganization, such as improvement of credit standing, removal of impediments to raising new capital, and elimination of obstacles to the distribution of dividends." "Furthermore," he said, "under section 11 (e) necessary corporate changes may be made economically and expeditiously and with full protection of the rights of all classes of investors and consumers." Mr. Burke ventured to predict "that the economic dislocations caused by the war and its aftermath will result in many other holding company systems availing themselves voluntarily of the convenient machinery provided by section 11 (e)." He added:

For those systems which do not see fit to take advantage of this voluntary procedure for accomplishing a necessary simplification of their corporate and financial structures, section 11 (b) (2) provides an alternative method for attaining the same objective. Under that section the Commission may institute proceedings to require the elimination of any undue or unnecessary complications in the structure of a holding company system, and of any inequitable distribution of voting power among its security holders.

Commissioner Burke denied that compliance with an order for simplification or geographic integration requires the immediate disposition of properties or portfolio securities. As to this "misconception," he stated:

A divestment or simplification order is enforceable only by a Federal court of equity, upon application by the Commission, and the Commission may not even make such application until at least one year after the order has been entered. Even if the Act did require forced sales of utility properties or securities—and it can be categorically stated that it does not—it would be the situation prevailing at the time our order is complied with or enforced which would determine whether or not such sales would be at "distress prices," and not the situation at the time the order is entered.

In the second place, we at the Commission have never regarded the mere divestment of non-retainable subsidiaries or the mere achieving of corporate simplification as ends in themselves, to be pursued without regard to the interests of investors. The Commission recognizes, of course, that the present market for equity securities of utility companies is less favorable than that existing prior to the war; and for that reason, it is unlikely that it will permit, let alone require, widespread sales of utility securities in the open market at this time.

Mr. Burke likewise stated:

Finally, and most important, however, sales are only one of a number of possible methods of complying with the Act. Even under peace-time conditions, the Commission has never regarded sales for cash as the desirable pattern of compliance with section 11 (b). Plans for the exchange of securities held in a holding company's portfolio for senior securities of the holding company, or plans of reorganization providing for the distribution of a holding company's assets to its security holders have seemed to us a more promising solution, on the whole. Plans of exchange and plans of distribution do not involve the sale of securities on the market, and consequently public funds are not absorbed or diverted from essential investments in Government bonds or in war production. Plans of distribution may be worked out economically and expeditiously, without any possible adverse effects either to investors or to our war economy, by simply recapitalizing the complex holding company security structure into an all common stock structure and then distributing its assets as liquidating dividends.

Transportation Future Linked With War

The great war effort of the American rail industry was discussed on May 7 by Roy B. White, President of the Baltimore and Ohio Railroad Co., at the economic conference held by the National Association of Mutual Savings Banks in New York. Mr. White said that the future of the rails could not be predicted with any more accuracy than the nearby course of the war. "If we do not bring the war to a victorious end, what we may do afterwards is of little consequence," he said, and sketched a vivid outline of what the railroads are doing. In part he said:

In addition to doing the heaviest seasonable business in our history—as we now are—we also have to meet unforeseen and unexpected traffic dislocations. There are the long hauls to and from the West Coast, following Pearl Harbor and the closing of the Panama Canal. Intercoastal traffic is moving almost altogether by rail and much of it in the opposite direction to the normal trend. With the withdrawal of shipping from our Atlantic coastal waters for more important missions in the war effort, the great coastwise tonnage formerly handled by these vessels is moving via the railroads.

Mr. White said that not only were the railroads doing a splendid job upon their own account, but were receiving the best of cooperation from the Government agencies and shippers and the public generally.

"The Interstate Commerce Commission and the Office of Defense Transportation keep in day by day touch with the transportation situation, and both are assisting the railroads when necessary to maintain the free flow of materials and men, especially for the war effort," he added. "I do not remember a time since my connection with the industry when all of the agencies affecting our transportation machine have worked more sympathetically, or with greater singleness of purpose, than they are working at this time."

Cut Mfr. of Repair Parts

The War Production Board on May 5 ordered a sharp reduction in the manufacture of repair parts for automobiles and light trucks and limited the production to parts essential to operation of the vehicle. The order provides that during the period from April 1 to Sept. 30, manufacturers may produce 70% of the total dollar volume of operating replacement parts sold by them in the corresponding quarters of last year.

Urges Higher Taxes, And On Lower Incomes

Substantially increased taxation upon incomes of all kinds, and especially those of the lower brackets, was said on May 6 to be imperative by Murray Shields, economist of the Irving Trust Company, New York, addressing the economic conference of the National Association of Mutual Savings Banks.

He said:

Wartime fiscal policies should be adopted which would minimize certain known and unnecessary risks such as:

The risk of amassing a huge debt and heavy service charges, of accumulating too large a volume of obligations payable upon demand, or of increasing the floating debt to a point where refunding is a difficult problem. Although a service charge of \$3 to \$6 billions per annum would not be too heavy a burden to bear if our national income holds as high as \$120,000,000,000, such a charge would represent a significant figure, indeed, were our national income to average \$55,000,000,000 as it did from 1932 through 1938.

Mr. Shields computed that the Treasury can dispose of about \$25,000,000,000 of its securities to available outlets as they now exist. "But how can \$20 or \$30 additional billions of taxes be raised?" he asked. He said that a heavy sales tax of 15 or 20% would involve the danger of" . . . reducing consumption below those standards of minimum expenditures which it is desirable to maintain socially."

"The specific levies which seem to me best to meet the necessities of our situation," said Mr. Shields, are:

A war retail sales tax of 5% upon everything sold at retail except food for consumption at home. Such a tax would be in addition to present taxes upon the long list of goods now subject to excise taxes. It would be burdensome and it hardly could be justified in peacetime, for it would tend to raise the cost of living.

A war income tax of 5% collected monthly upon all income payments covering wages, dividends, taxable interest, etc., with no exemptions, the tax to be collected at the source and not deductible from present taxes. This would be less of an increase in income taxes than proposed by Secretary Morgenthau in the brackets already taxed heavily, but more of an increase in the lower brackets. Nevertheless, the amount of the increase is so small that it should not seriously hurt even those in the low brackets. It would tax everybody, including part-time workers who are in the very low brackets; this being justified in a war but perhaps at no other time. . . .

Considering the question of how to get more taxes, Mr. Shields said:

The people who can pay taxes with the least disadvantage to themselves and the community as a whole are those who have had sharp increases in their incomes. . . . The sort of tax which would best meet these conditions is one which would exempt all increases in income which bring total income for the year to \$1,500 or less, and would apply a graduated scale for increases which brought incomes above that level. . . . A tax of 20% upon all increases in income from 1940 to 1942, which amount to \$1,000 or less, and which increase income to a point above \$1,500; of 33⅓% upon all increases in income of \$1,500 to \$2,500, and of 50% upon all increases in income larger than \$2,500, would force no one to reduce his standard of living and should yield the Treasury \$10 to \$12 billions per annum.

Mr. Shields thought, "A special war surtax upon corporation income of 20% would be more defensible than the much higher rates contemplated by Mr. Morgenthau." Taken altogether, he thought that these and certain other taxes would yield another \$20 to \$30 billions per year ". . . an amount sufficient to enable the Treasury to reduce the margin of borrowing which seems to be desirable in a period such as this."

More Funds Approved For RFC War Activity

A Senate Banking and Currency Subcommittee on May 8 approved a \$5,000,000,000 increase in the capital of the Reconstruction Finance Corporation for loans to expand war production, acquire strategic materials and for financing other war activities.

In urging approval of the capital increase, Secretary of Commerce Jesse Jones told the Senate Banking group on May 8 that as a result of the Government's plant expansion program "it looks like we are going to have ample aluminum." Reporting his testimony, Associated Press Washington advices stated:

Giving an over-all picture of the RFC's war time lending and spending program, Mr. Jones said that the agency and its subsidiaries made commitments totaling \$14,300,000,000, of which \$576,000,000 had been canceled for various reasons and \$565,000,000 repaid.

The annual production of aluminum, Mr. Jones predicted, would reach 2,100,000,000 pounds when all plants have been finished, compared with a production of 300,000,000 pounds two years ago and 540,000,000 pounds a year ago. The present rate of aluminum production, he added, was about 1,000,000,000 pounds per year.

He testified that commitments for aircraft plant production alone totaled \$1,912,000,000. Other totals were \$360,000,000 for magnesium plants; \$700,000,000 for synthetic rubber production; \$734,000,000 for expansion of the steel industry; \$468,000,000 for ordnance plants and \$182,000,000 for shipyards.

He estimated that the program would result in annual production of 600,000,000 pounds of magnesium, compared with 33,000,000 pounds a year ago, and 800,000 tons of synthetic rubber capacity, compared with 25,000 tons. Steel capacity, he added, will be increased more than 10,000,000 tons.

The RFC, Mr. Jones said, has contracted to buy 1,370,000,000 pounds of aluminum from Canada and had authorized the purchase of machine tools costing \$1,395,000,000.

Also, he said, the United States has purchased 760,000 tons of copper from Latin America and had imported from Australia, New Zealand and South Africa the equivalent of a year's domestic production.

He listed these other activities as among those accounting for the RFC's need for new borrowing authority:

Importation of 6,000,000 hides this year and an equal amount next.

Rehabilitation of a railroad in Newfoundland and development of new air lines in South America.

Agreement to buy the entire 1942 Cuban sugar crop at a cost of more than \$200,000,000.

Purchase of practically all the private airplanes in this country for Army and Navy use.

Purchase of domestic stocks such as automobiles, tires and refrigerators frozen by Government regulations.

Agricultural Department General Crop Report As Of May 1

The Department of Agriculture at Washington on May 11 issued its crop report as of May 1, 1942. The report shows the abandonment of winter wheat at 6.3%, leaving acreage remaining for harvest at 33,319,000 acres as compared with 40,313,000 acres harvested in 1940. Last year the abandonment of winter wheat acreage was 12.9%. This year's production of winter wheat is now estimated at 646,875,000 bushels, which compares with a harvest of 671,293,000 bushels last year and an average 10-year (1930-39) production of 569,417,000 bushels. Below is the report in part:

General Crop Report As Of May 1, 1942

On May 1 crop prospects on the whole seemed above average except in a few States. During April crop growth in a large eastern and southeastern area was retarded by unseasonally dry weather. Farther west frequent rains with local floods and storms have delayed farming operations over a large area that stretches more than a thousand miles from central North Dakota to central Texas and bends westward in the middle to cover the former "Dust Bowl." In both areas a return towards more normal weather would further improve the national crop prospects.

There is a dry area in south Texas and more rain would have been helpful in Idaho and surrounding States but in the Great Plains, where adequate reserves of soil moisture at this season are most needed as protection against summer drought, moisture conditions appear better than they have been at this season in a dozen years. Eastern moisture shortages are locally serious and disturbing, particularly where moisture for germination is lacking and where the growth of grass in pastures and meadows has been checked, but the season is early and major crops with the possible exception of hay are not yet threatened. Growing conditions in most parts of the country are much like what they were a year ago and crop yields last year were the highest on record.

Pastures and ranges have a good start in most States and on May 1 were reported in better condition than on May 1 in any of the past ten years except last year. With numbers of producing livestock and poultry above or approaching previous peaks, and large reserves of grain and hay on hand, the production of livestock and livestock products seems likely to continue outstandingly heavy for some time. During April milk production was 4% above production in April last year and with 14% more hens egg production was up about 17%.

Forecasts for individual crops can be only approximations this early in the season but no signs of shortage have appeared and fairly heavy production of most groups of crops still seems the most probable outcome.

The area sown to winter wheat was the smallest, except for one year, since 1914, but with less abandonment and a higher indicated yield per acre than in any of the last 10 years production is now expected to total about 647,000,000 bushels. This is 22,000,000 bushels above prospects a month ago and would be only 24,000,000 bushels less than the large crop harvested last year. The principal spring wheat areas have also had good rains and prospects seem favorable. Rye shows prospects for an unusually good yield on a large acreage.

The acreage in late potatoes, which farmers did not at first intend to increase, now seems likely to be about 3% larger than last year. In early March farmers were asked to increase plantings and a recent survey in the principal northern States indicates some increases in Idaho, North Dakota, Michigan, Wisconsin, and Maine.

Feed grain production should be fully up to normal. Notwithstanding the seesawing between wet and dry conditions, prospects at this time seem good in both eastern and western portions of the Corn Belt States which largely determine the national output.

Hay crops need rain in much of the East. In some Atlantic Coast areas the need is urgent and yield prospects will decline rapidly unless rain comes soon but even in northeastern States, growth had not been seriously checked to May 1 and prospects were still for a national yield of tame hay per acre somewhere around the average during recent years, excluding drought seasons. Allowing for a small increase in acreage this suggests that tame hay production still may be about the same as last year. Moisture conditions so far have been favorable for wild and prairie hay in the Great Plains States, and another large crop is probable. Conditions also appear favorable for growing a large tonnage of sorghum forage in the Southwest. Stocks of hay on farms on May 1 were a little over 11,000,000 tons compared with nearly 13,000,000 last year and 11,000,000 to 16,000,000 tons in other seasons since the droughts. Allowing for stocks on hand, and for further increases in livestock it seems likely that supplies of hay per head of stock will be plentiful again this season in the western Corn Belt and Great Plains States, and probably about average in the eastern Corn Belt and west of the Rockies. But they are uncertain and now largely dependent on May and early June rainfall from Virginia northward.

Early reports from principal fruit sections show rather favorable prospects for apples, pears, grapes, cherries, plums and prunes but in some North Atlantic and North Central States peach buds were badly damaged by winter and spring freezes. In the Southern States another large peach crop, somewhat short of last season's record output, is in prospect.

National supplies of commercial vegetables for market are likely to be moderately above those of last year. The lack of rain is now being felt along nearly the whole length of the Atlantic and Gulf Coasts and there have been some delays from cool weather and rain in West Coast trucking areas. The vegetable yields per acre estimated to date however average somewhat higher than in most recent seasons. The increase in labor costs is being felt in some vegetable producing areas. This may reduce shipments more quickly than usual if market prices decline. The prospective production of vegetables in States usually shipping during May is about 22% above last year and is well above average.

An expansion of about 20% over 1941 is in prospect for 1942 in the aggregate acreage planted to important truck crops for processing. If commercial processors carry out their early season plans, the acreage planted to 11 vegetables for canning, freezing, or other processing will reach the record high level of about 2,000,000 acres. A total of 1,693,230 acres was planted to these vegetables in 1941 and during the preceding 10 years (1931-40) the average was 1,307,420 acres. The greatest increase this year is expected to be made in the acreage planted to tomatoes for processing, for canners and tomato products manufacturers plan to increase this year's planted acreage 29% over 1941. Green pea processors rank second with a 26% increase.

Winter Wheat

The indicated production of winter wheat is 646,875,000 bushels, 3.6% less than last year's crop, but 13.6% above average. The production allows for wheat harvested from volunteer acreage which is expected to be large this year in Kansas and parts of adjoining States. Remaining for harvest are 33,319,000 acres, approximately 8% less than last year, even with the much greater reduction in seeded acreage. Winter kill and prospective abandonment, estimated at 6.3%, are low because of the continuously favorable moisture supply in most of the States through the spring. Abandonment was heavy in Illinois and Missouri where the wet fall hindered seeding operations. Greenbugs caused severe damage in north central Texas and south central Oklahoma. The infestation spread into northern Oklahoma and Kansas but damage there has been slight.

The indicated yield on May 1 of 17.8 bushels per acre (harvested) is further evidence of the excellent prospect for the crop. There have been only two years of higher yields since 1909. While growth was retarded by cool weather in April, it is still heavy, and moisture reserves in the soil are unusually good in the western two-thirds of the Nation.

Rye

Rye prospects on May 1 were excellent. Production is forecast at 53,279,000 bushels, the largest crop since 1938. The acreage remaining for harvest 3,776,000 acres is the largest since 1939, and the indicated yield of 14.1 bushels per acre is the highest since 1935. Indicated production, acreage and yield are all well above last year and the 10-year (1930-39) average.

Prospects are excellent in North Dakota, South Dakota and Nebraska where winter loss of acreage was comparatively light and the soil moisture situation favorable. Production prospects in Minnesota and Wisconsin are below the 10-year average because of a reduction in acreage for harvest.

Oats (Southern States)

The May 1 condition—58%—is 10 points below average and 23 points below May 1 last year. Prospects are that this year's production of oats in the Southern States will be materially below the 10-year average. In Texas and Oklahoma, damage by "green bugs" is causing extensive loss. There was excessive moisture in the oats producing districts of Oklahoma, but about a normal amount in Texas. These States have well over half the acreage of oats in the entire South. In North Carolina, South Carolina and Georgia, the oats need rain. Farmers in these States are reported to have seeded 58% of their oats last fall and winter—continuing the trend away from spring seeding.

Early Potatoes

The condition of early Irish potatoes in the 10 Southern States and California on May 1 was 78%, slightly better than on April 1, and equal to the 10-year (1930-39) average.

In Kern County, California, harvesting has been proceeding for at least two weeks. Cool weather has retarded development but has enabled growers to delay harvest for better sizes. The condition in Florida on May 1 was 17% above the 10-year average and considerably higher than a month ago. Shipments from North Florida are approaching a peak while harvest of the South Florida crop is practically complete. In Texas, conditions are fairly good in the San Antonio area, where harvest has started, and in the Eagle-Lake Wharton area where harvest is expected to start about May 10. Harvest of the Lower Valley crop is about over. Cool, wet weather has been unfavorable for potatoes in the northeastern section of Texas.

Stands in Louisiana are irregular and late as a result of too much rain at planting time. Plants made good growth during April and a fair yield is now indicated. In Alabama, the crop needs rain. In the Georgia potato areas yields have been cut by dry weather during the past 4 weeks. The South Carolina crop developed satisfactorily during the latter part of April but recent weather has been too dry. Potatoes in North Carolina and Virginia have made favorable growth and generally are in good condition. No drought damage has been reported.

Pastures

Prospects for abundant feed from pastures this spring are generally good in most parts of the country. Despite the need for rain in many Eastern States and delayed development because of cool weather in some sections west of the Rocky Mountains, pastures for the country as a whole on May 1 were well above average for this time of year and were in almost as good condition as a year earlier.

Pastures in Southeastern States on May 1 were generally suffering from lack of moisture which approached drought proportions in some areas. Virginia pastures were reported at the poorest condition in 60 years of record, while those in North Carolina were poorer for the date than in any year since 1934. However, pasture condition improved in many South Central States, particularly in Texas where April rains supplied needed moisture. In the Western States pastures also showed marked improvement and range feed prospects were generally favorable.

The average May 1 condition of pasture for the United States, obtained by combining State figures according to the importance of pasture in furnishing feed for all types of livestock, was 83% of normal compared with 84% on May 1 last year and only 73% for the May 1, 1931-40 average. The average condition of dairy pastures, which is obtained by placing the greatest emphasis on the condition of pastures in those States where milk cows were grazed on May 1, averaged 82% of normal.

Capitalism Can Make Economics A Science

In an address presented before the Conference on Post-War Reconstruction at the University of Minnesota, in Minneapolis, on May 8, Dr. Joseph E. Goodbar, speaking on the subject, "A Self-Feeding Capitalism," made the statement that economics, hitherto known only as an art, could be transformed into an exact science by the use of the principles of a self-feeding capitalism. Just how Dr. Goodbar, economist, attorney and author, would bring about the transformation of economics into an exact science, was explained in detail.

According to Dr. Goodbar, post-war reconstruction can start a real "new era" of lasting prosperity, if the principles of real economic science are effectively applied. Among the benefits would be:

First: A full and virtually complete sale, at a profit, every year, of all production intended for sale;

Second: Resulting from this dependable market, the demand for workers would rapidly expand until practically all willing and competent persons have found dependable jobs:

Third: There would be no reasons for depressions, and the business cycle would therefore be traced by a rising but slightly undulating line;

Fourth: Technological improvements, instead of causing even temporary shortage of jobs, would merely cause workers to be shifted from one job to another;

Fifth: We could apply these principles to revive and sustain the prosperity of the whole outside world, or any part of it willing to apply the principle, or we could produce lasting prosperity in our own boundaries alone.

Achievement of those results, Dr. Goodbar stated, becomes a necessity of economic science, just as production of water from hydrogen and oxygen is a necessity of chemical science, when appropriate conditions are applied. The profit motive, natural resources and human beings are the main economic ingredients involved. Economic science consists in providing conditions suitable for producing the results we desire.

The basic conditions necessary, but largely absent in our present world, have been found to be two, he asserted: First: Money incomes created through the process of production and distribution must be sufficient to buy and pay for virtually the entire for-sale product. Second: Those money incomes must be used regularly, fully and promptly, directly or indirectly, to buy and pay for currently produced goods and services. Otherwise, there is no dependable market to keep the profit motive in productive activity.

Murray Again Heads N. Y. Cotton Exchange

Robert J. Murray has been nominated for a third term as President of the New York Cotton Exchange, it was announced on May 7. Eric Alliot has been named for Vice-President, to succeed Gustave I. Tolson, who has entered the military service, and William J. Jung has been nominated for a third term as Treasurer. The announcement likewise says:

Two new members for the Board of Managers have been nominated, Arthur J. Pertsch and Mervin S. Van Brunt. Thirteen present members of the Board have been renominated, these being: Bernard J. Conlin, Milton S. Erlanger, J. Henry Fellers, Tinney C. Figgatt, Richard T. Harriss, Frank J. Knell, Jerome Lewine, J. Robert Lindsay, Elwood P. McEnany, Perry E. Moore, John H. Scatterty, Charles Slaughter, and Philip B. Weld.

Herman D. Hensel has been nominated as Trustee of the Gratuity Fund for a period of three years. James B. Irwin, James C. Royce, and John R. Tolar, 3rd have been nominated for Inspectors of Election.

The annual election of the Exchange is to be held on June 1 and the new officers will assume their posts on June 4. The nominating committee consisted of Clayton B. Jones, Arthur J. Pertsch, Charles B. Vose, John E. Smith, Eugene Bascho, William C. Layton, and William E. Farnell.

Egyptian Sugar Crop Less

Cane sugar production in Egypt during the current 1941-42 season is estimated at 168,000 long tons, raw value, as compared with 173,000 tons last season, a decrease of 5,000 tons, or approximately 3%, according to advices received by Lamborn & Co., New York, from Cairo. It is added that harvesting of the crop usually commences in December and terminates in June. Egypt's home production, which is controlled by one company under Government regulation, is sufficient to supply its local requirements. Last year's consumption amounted to 147,000 tons.

From Washington

(Continued from First Page) an ambitious undertaking, it would be only natural that we should now apply it on a broader scale. If the geography of the relative positions of the North and South in this one country can be turned upside down and back again and jiggled, then why shouldn't the world map be done the same way?

I have forgotten to tell you that the essential ingredient of Miss Perkins' success was the discovery, or at least her statement, that the Southerners did not wear shoes. Well, if you forced shoes on those people, they would have to buy those shoes from the North and the sending of those shoes to the South and the sending back of cotton goods and vegetables to the North in payment of these shoes, constituted commerce or activity.

You can't escape these things and it is amazing that no one had ever thought about it before. I insist that Miss Perkins should get credit for the elaboration of her idea. It is the idea which BEW, Board of Economic Warfare, headed by Henry Wallace, has now sounded off that it intends to put into effect.

It was the idea which Henry Wallace enunciated at a meeting in New York recently. It was a meeting which launched a new organization and a new magazine. The purpose of the two is to promote free trade among the nations after this war. From Henry's words it is inescapable that we are out to put shoes on the Indians, the Egyptians, the Mandalayians, the Indo-Chinese, the Malayans, even the Japs if they will ever lay down their arms and enter into our integration of purposes and desires, and also coordinations. In fairness to all the foreign people whom we are now beseeching, I think that they should be told that aside from insisting that they wear shoes, we intend to "integrate" and to "coordinate" them. To be integrated and coordinated will undoubtedly enhance their civilization, so if they do not go in for these things, then you wonder just what sort of a professedly democracy-loving people they are.

The only thing that gives me pause about Henry's undertaking is this: He promises that we are to help industrialize India, Egypt, China, all the rest of the nations of the globe. Then, where in the name of Heaven, would you get your world commerce?

Maybe it would be such a crazy situation as that of a ship recently returning in ballast from Australia, the great wool growing country, after transporting some 6,000 soldiers, and our eliminating the cuffs of trousers, a tremendous sacrifice, to save wool. (The particular ship and record of its voyage are definitely known to this writer.)

Henry Wallace is a free trader —in many things—but I am wondering, after the perfect world of his ambition is achieved, where will we be, and what will Henry have to sell? We are getting to be right sophisticated; what could it possibly be? I'll tell you and it is an amazing thing. Henry and his crowd have the world by the grips. There is no apparent chance of unseating them. As long as they have the Eastern European immigration bloc of the highly industrialized Eastern states, together with the colored bloc and the Solid "Democratic" South voting for them, there is nothing that can be done.

It so happens that as a youngster it used to gripe me no end to have to put my nickel in the Baptist missions collection box to help the Chinese—we were taking our "rightful place" in world affairs that early. But now, like it or not, we are going to have to supply, not only them but all the other peoples of the earth with shoes.

Heavier Federal Taxes Menace To Utilities

"The greatest menace the utilities face today is greatly increased Federal taxes," said Charles W. Kellogg, President of the Edison Electric Institute, New York, who on May 6 spoke in particular of the stability evidenced by the industry in flush times or the reverse at the Conference of Mutual Savings Banks in New York. As to the situation faced by utilities incident to Federal taxation, Mr. Kellogg said:

"In this case, their stability seems to be a handicap rather than a help. In 1941, when the gross sales of durable goods manufacturers increased 49% over the previous year, and those of makers of non-durable goods 29%, the utility gross grew but 9%. Despite the higher rates for Federal taxes in that year, manufacturing industry as a whole, with its great increase in volume, was able to pay these higher tax rates and still show a gain of 20% in net income for stockholders. With the utilities, however, the increase of 67% in their Federal income and excess profits taxes reduced the net income for stockholders by 3.3%. In 1942, if the Treasury proposals for increased tax rates are made effective, it is estimated that a further reduction of 30% below 1941 would take place in utility net income.

"This result obviously is not a question of draining off war-produced excess profits but of seriously affecting the financial standing of a great public service which is not operated for profit, but to produce a necessary service for the people at the lowest feasible cost. Such a thing as 'excess profits' has been constantly eliminated from the utility picture by the impact of regulation by the State Commissions, one of their functions being to limit the amount earned by the utilities to a return just sufficient to attract new capital to the business. This service - at - cost principle clearly is recognized by the Federal Government by exempting its own power projects from all Federal taxes. In connection with its war effort, the Government has the strongest incentive for keeping the utilities strong upon account of the essential role electric power plays in all war industries, and the electric utility industry in this country furnishes 7/8ths of the total public supply.

"Strangely enough, the very size of the income and excess profits tax rates in per cent makes it impracticable to solve the financial problem of the utility, arising from the size of Federal taxes by the rate regulatory route; for, with the tax rates approaching 90%, the electric rates needed to correct for taxes would have to be nine or 10 times as great as the relief they actually would afford.

"There are various ways in which the special difficulties of the utilities could be obviated. One of these would be to allow preferred dividends and established common dividends as deductions in computing taxable income, upon the theory that the utilities require eight times as much fixed capital per dollar of annual sales as the average industry; that their capital stocks are an essential part of this capital structure and hence the charges upon them are a part of the actual cost of furnishing service. Another method would be to exempt utilities from the excess profits tax, since, under Commission regulation, they cannot have 'excess profits' as the term is commonly understood in industry generally. These suggestions, with supporting data, have been brought to the attention of the appropriate committee of Congress and I believe that we can count upon an understanding treatment of our special difficulties."

Sound Labor Policy Essential Says NAM

Asserting the willingness of industry to do tis full part in the war effort, and appealing for equal cooperation by all labor groups, Walter D. Fuller, Chairman of the National Association of Manufacturers, and President of the Curtis Publishing Co., Philadelphia, in addressing on May 6 the opening session in New York of the economic conference of the National Association of Mutual Savings Banks, said:

Certain labor leaders seem determined to take advantage of the war to create a nation-wide labor monopoly. This, in spite of President Roosevelt's urging that no group take "undue advantage" of the situation to further selfish interests. Certain selfish labor leaders seem determined to clamp a closed shop policy upon industry, regardless of what the cost may be to our victory effort.

The closed shop, being forced upon many industries by those who are taking "undue advantages," means, for one thing, that only paid-up union members are permitted, in many plants, to work upon war orders. It is not a question of ability to help produce the goods our soldiers and sailors and our Allies need. Loyalty to a union has been put ahead of loyalty to the nation. In such shops only union members in good standing have the right to defend their country upon the production line, no matter how much the services of others may be needed. I ask you—is that what the American people want in this hour of danger?

Management, in this crisis, seeks no "undue advantage." Management does not seek to nullify any existing gains for labor. But it does want a sound labor policy and it wants this labor policy decided democratically by Congress. It does not want long drawn out delays while appointed—not elected—individuals, try to build a national policy, company by company, day by day, and month by month.

Congress should decide once and for all whether our Army and Navy are going to be equipped with all-out production by industry and labor, or only with goods stamped with a union label.

To Aid Coffee Roasters

Douglas C. Townson, Chief of the Food Supply Branch of the War Production Board, said on May 9 that WPB is willing to aid coffee roasters in disposing of excess coffee imports. Under an amendment to the coffee order, just issued, a roaster's inventory of green coffee may not exceed a two-month supply. Some roasters who have coffee in transit may therefore be unable to accept all or part of that coffee, said the Board's announcement, which added:

Roasters who find themselves in that position are invited to notify the Food Supply Branch of any probable excesses. They should describe the coffee and should specify the amount of excess, the port of arrival and the name of the ship. This notification should be made within 24 hours of the time the coffee arrives in this country.

"For the present," Mr. Townson said, "WPB will make this information available to any prospective coffee buyer who wishes to inquire."

Urges More Synthetic Rubber From Grain

"Immediate attention should be given to expanding the present program for butadiene production from grain alcohol so as to make possible greater production of synthetic rubber during the calendar year 1943," Secretary of Agriculture Wickard declared on May 8. Testifying before a subcommittee of the Senate Committee on Agriculture and Forestry investigating uses of farm crops in production of alcohol and synthetic rubber, Secretary Wickard said he believes that using part of the large available reserve stocks of corn and wheat "as raw material for butadiene offers the best possibility of greatly increasing our production of synthetic rubber as early as next year." He urged that at least 80,000,000 bushels of grain be used in the manufacture of synthetic rubber.

Secretary Wickard's testimony follows, in part:

I understand that the Rubber Reserve Corporation already has made an allocation for a substantial amount of butadiene to be produced from ethyl alcohol, and that a plant for this operation is under construction. Alcohol has been used in Russia, Poland, Germany, and other European countries for the production of butadiene.

As I have said, the raw materials — corn and wheat — are readily at hand. Considerable expansion of facilities for making alcohol out of grain is possible in existing plants with the use of relatively small amounts of copper and steel. Available data indicate that if existing plants were converted to high proof alcohol production, at least 200,000,000 gallons of alcohol for making butadiene could be produced after allowing for production of alcohol for war purposes. It should be understood, however, that production of this total quantity of alcohol would require complete mobilization of the entire alcohol industry.

About 80,000,000 bushels of wheat or corn would be required to produce 200,000,000 gallons of alcohol, which in turn could produce 220,000 tons of butadiene. This would make approximately 240,000 tons of synthetic rubber. That is the approximate volume of synthetic rubber production which could be obtained from grain through existing distilling plants, converted to high proof alcohol production by the use of a minimum quantity of critical metals. Beyond production of about 240,000 tons of synthetic rubber, processing facilities would be a limiting factor. Supplies of raw materials—wheat and corn—are sufficient for expanding synthetic rubber production by many times that amount.

Now American Pearl Rice

The war extended its effect to Federal rice standards on May 6 with the Department of Agriculture's announcement of amended standards for rough, brown, and milled rice, including substitution of the name American Pearl for the class of rice formerly known as Japan. According to the Department of Agriculture, the amendments to the official standards, which become effective May 15, also change the subclass names Japan and California — Japan to Southern Pearl and California-Pearl, respectively. These changes said the Department were requested by members of the rice industry. Other amendments, it is indicated, provide a more simple and more flexible form of the official standards.

U. S. Credit, Resources Prosperity Keystone

(Continued from First Page) mands, should escape this sacrifice—nor can they escape it if we are to be successful.

A price control program cannot work in three spheres if it leaves a fourth uncovered. It cannot apply to the middle class and miss the wage earner, the farmer, or the extremely wealthy. Limitations of profits are part of limitations of wages. Limitations of food costs and rationing are part of a controlled economy.

We do not wish these unnatural restrictions in eras of peace. We recognize they violate sound economic laws—but so does war. And even the most conservative must be ready to acquiesce in some measure of violation of economic laws in the interest of defending our economic system. Hence, we must stand back of a price control program, constantly correct its weaknesses, and courageously make it all-inclusive.

This is no period for the permanent accumulation of capital. I do not mean to suggest that it is no period for thrift. Savings were never more essential. But those savings in the end, at best, can only restore the purchasing power that a rising price structure has liquidated.

In addition, they must be dedicated for use during a readjustment period. We are face to face with the proposition of not only saving our way of life, but also of saving our life's savings. Whatever accumulation has been the reward of thrift and of industry should be defended at all costs. Unless we do defend it and are willing to make sacrifces, how can our heart and soul be in the military struggle?

Convince the American people that the burden is equally distributed according to their ability and they will meet any call for sacrifice. This will follow, whether the sacrifce takes the form of heavier tax bills, restricted use of peacetime goods, savings programs or physical effort.

But the burden must be placed as equitably as possible or, in the end, it will throw our economic machinery out of adjustment and disrupt our forces of production.

In the matter of self-denial and unselfishness, let us be honest in our conduct. The rationing program now in effect would in many instances be less severe if hoarding and selfishness had not been the order of the day. A rush to escape the common sacrifce is a definite contribution to the cause of dictatorship.

We in the credit fraternity have a very definite and important part to play in trying to bring stability to these programs. We must have the courage to play our part.

If we see that credit is to be restricted in open accounts, we can only object in case we see that the restrictions will not accomplish the objective, namely, curtailment of purchasing so that more goods will be available for the war effort and more man power devoted to armaments.

We cannot in this period argue about dictatorial finepoints because, facing dictators on the field of battle, our democratic way must be flexible enough to permit, for a limited period of time, the use of sterner policies and practices. And if we join in these efforts and accept these hardships, then we have the right to demand a return to the peaceful way of life we have known.

OPA Seeks Financial Data From Corps.

A general financial reporting program designed to provide basic financial data necessary for studies of price control problems in many industries where adequate information is not now available was instituted on May 2 by Price Administrator Leon Henderson. Reporting forms and an instruction book requiring balance sheet and income account data were sent May 10 to about 25,000 business corporations, with over $250,000 assets each, engaged in manufacturing, mining, construction, wholesale trade, retail trade and related fields. The announcement from the OPA also states:

The initial annual financial report (Form A) and the first interim or quarterly financial report (Form B) of companies using the calendar year basis must be filed with OPA within 30 days after receipt of the request. If the fiscal year to be covered by the initial annual report is other than the calendar year, the report must be filed within three months of the close of the fiscal year or within 30 days — whichever date is the later. All subsequent annual and interim reports are to be filed within three months and one month, respectively, after the close of the period covered. None of these reports need be certified by independent public accountants.

OPA initiated the program because of the absence of adequate financial information on large numbers of business enterprises affected by price action. The 1940 corporation income tax returns show there were 69,000 companies, each having assets of $250,000 or more, and that 30,000 of these were in the wholesale trade or retail trade or in manufacturing, construction, mining, and agricultural fields. However, OPA pointed out, only about 2,500 of these companies are required to file with the Securities and Exchange Commission and a great number of these are duplicated in the smaller list which contributed to the survey of Industrial Corporation Reports conducted by the FTC.

Time "lags" in filing, the difficulty of assembling, and the technical weaknesses for OPA needs in the material available in other reports — such as the FTC, SEC, income tax, bank, and credit reports — even if they were legally accessible and readily available would hamper OPA's efforts to keep price control actions abreast of current business conditions.

The confidential nature of the reports will be strictly observed, the Administrator said, although the reports will be available on a confidential basis to war planning agencies, such as the War Production Board, when needed, thus providing a centralized regularly recurring source of information for such agencies.

Waller Heads Committee

The appointment of Wilmer J. Waller, Vice-President and Cashier of the Hamilton National Bank, Washington, D. C., as Chairman of the Priorities Committee of the American Bankers Association, was announced May 6 by Henry W. Koeneke, ABA President, who is President of the Security Bank of Ponca City, Ponca City, Okla. Mr. Waller, who has been a member of the committee since its formation several months ago, succeeds Mark A. Brown, Vice-President of the Harris Trust Co., Chicago, as the Committee's Chairman. Mr. Brown recently resigned his post as Chairman of the Committee to accept an appointment as financial consultant to the War Production Board.

Cash Gifts Aid War Effort

A flood of unrequested cash donations to help finance the war effort, received in Washington since the President's fireside talk on April 28, was described by Secretary Morgenthau on May 3, as an impressive demonstration of the virility of the voluntary spirit in American life. The voluntary principle is the basis of the Treasury's new quota campaign to sell $1,000,000,000 worth of War Savings Bonds every month. The Treasury Department in indicating this on May 3 said:

After consultation with leaders in labor, industry and agriculture, Treasury officials became convinced that the people of the nation would prefer an opportunity to subscribe voluntarily to the War Bonds rather than resort to legislation requiring such purchases. The continued waves of outright contributions to pay for the tools of war have strengthened this conviction.

Since June, 1940, a total of 13,895 cash donations have been received, totaling $614,670.57. This number is exclusive of approximately 15,000 individual donations grouped and treated as single gifts as, for example, was done in the case of an aeronautical corporation whose 7,000 employees sent in individual checks. The amount is exclusive of stock, old gold and offers where the value, if any, has not been ascertained.

Every cash gift is acknowledged on behalf of Secretary Morgenthau by a friendly little letter which thanks the donor for his patriotism and lauds it as an example of the interest, effort and sacrifice of a united people.

At the same time the letter stressing the urgent importance of setting aside a substantial part of current income to finance the war and to check the rising cost of living, and reminds the reader that War Savings Bonds and Stamps were designed for this particular purpose.

May Food Stamp List

The Department of Agriculture announced on April 30 that all fresh vegetables (including potatoes), fresh apples, oranges, grapefruit, and pears, and eight other foods will be available during May to families taking part in the Food Stamp program. Participants can buy the foods with blue food stamps at local stores in all areas where the program is operating. Itemizing the foods available for blue stamps, the Department announces that the May list, which is the same as for April, includes shell eggs, butter, fresh apples, oranges, grapefruit, pears, and fresh vegetables (including potatoes), corn meal, dried prunes, hominy (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

Modify Walsh-Healey Act

Legislation bringing the Walsh-Healey Act into line with the Fair Labor Standards Act and making the two in according with respect to wages and hours received final Congressional action on May 4, when the House concurred in a minor Senate amendment. The House had approved the bill on March 24 while Senate adoption came on April 27. The measure permits industries which have collective bargaining contracts covering an annual income for 2,080 hours of work, as provided by the Fair Labor Standards Act, to participate in the war effort. Under the law as previously stated such firms could not obtain public contracts on that basis because of the weekly hour maximum fixed by the Walsh-Healey Act.

NY Commerce Chamber Elects Hasler Pres.

Frederick E. Hasler, Chairman of the Board of The Continental Bank & Trust Co. of New York and President of the Pan American Society, on May 7 became the 48th President of the 174-year-old Chamber of Commerce of the State of New York. He succeeds Percy H. Johnston, Chairman of the Chemical Bank & Trust Co., who had served the limit of two consecutive terms.

Elected with Mr. Hasler to serve as Vice-Presidents for four-year terms were:

Roy E. Tomlinson, President of National Biscuit Co.; Andrew W. Robertson, Chairman of Westinghouse Electric Manufacturing Co. and Frederick E. Williamson, President of New York Central Lines.

Vice-Presidents elected for three year terms to fill existing vacancies were General James G. Harbord, Chairman of Radio Corp. of America and Howard C. Smith, Trustee of the Franklin Savings Bank.

A new treasurer, William S. Gray, Jr., President of the Central Hanover Bank & Trust Co., was also elected succeeding Leon Fraser, who had held that office since 1940. William B. Scarborough who has been Assistant Treasurer for the last 15 years, was continued in that post. H. Boardman Spalding, Chairman of the Executive Committee; Colonel Charles T. Gwynne, dean of chamber of commerce executives, who has been Executive Vice-President since 1924, and B. Colwell Davis, Jr., Secretary, were re-elected. The chamber also elected three members-at-large on the Executive Committee to serve for three years: Willeby T. Corbett, Arthur M. Reis and J. Barstow Smull.

Mr. Hasler, who was inducted into office immediately following his election, has been a member of the Chamber since 1918, was elected Chairman of the Executive Committee in 1939 and became a Vice-President in 1941. As President of the Pan American Society, which is the oldest and largest private group in the country devoted to fostering friendly relations between the United States and the 20 Latin American nations, he has been decorated by a number of South American republics in appreciation of his work in the cause of Pan Americanism. In expressing appreciation of his elevation to the Presidency, Mr. Hasler declared that "Service for Victory" must be the goal of every member of the chamber until the enemies of the nation were defeated.

Reference to the nomination of the above officers appeared in these columns May 7, page 1782.

Senate Votes Supply Bill; Limits Funds for TVA

The Senate on May 6 passed the $2,125,000,000 Independent Offices Appropriation Bill after adopting an amendment abolishing the Tennessee Valley Authority's revolving fund. The TVA amendment, sponsored by Senator McKellar (Dem., Tenn.) and approved by a 42-to-38 vote, would require the Authority to get congressional appropriations for its future expenditures. Formerly the TVA used the revenues from the sale of its light and power as its revolving fund, but if the House agrees to this amendment it will have to turn over all its revenues to the Federal Treasury.

When the House passed this bill on Jan. 22 it totaled $2,096,048,875. This is about $29,000,000 below the Senate measure, but differences will be adjusted in conference. The totals, however, represent an approximate drop of $1,200,000,000 from the amounts the same agencies spent in the current fiscal year.

WPB Controls Equip. Of Rubber Tire Construction

The War Production Board, acting to save substantial amounts of rubber, assumed rigid control on May 2 over the production and distribution of all types of rubber-tired construction equipment. More than 70 items of construction equipment normally equipped with rubber tires are affected by Limitation Order L-82-a. Last year the construction machinery industry used approximately 8,000 tons of rubber tires and tubes, says the Board, which states:

At the same time, WPB, in Limitation Order L-82, placed restrictions on the sale and production of power cranes and shovels, which are greatly in demand for military and essential civilian activities. Total requirements this year for these cranes and shovels by military and essential civilian users are estimated to exceed 7,500, whereas the industry's production capacity is only about 5,100 units.

In its order applying to rubber-tired construction equipment, WPB prohibits the future sale, lease, trade, loan, delivery, shipment or transfer of any new equipment without specific authorization of the Director of Industry Operations, except for orders placed prior to the issuance of L-82-a which carry a preference rating higher than A-2, on which shipments must be made on or before June 1.

Between May 1 and June 1 no rubber-tired construction equipment can be produced except to fill Army, Navy, Maritime Commission and Lend-Lease orders, to fill orders for specified items of equipment needed in the war program for which steel wheels or other substitutes for rubber tires are impractical, or on production schedules specifically approved by the Director of Industry Operations. The specified items are: self-propelled earth moving graders, carrying and hauling scrapers, and power cranes and power shovels.

The order provides that after June 1 each manufacturer's production schedule, regardless of whether or not it is designed to fill war orders or orders for the specified items, must be approved by the Director of Industry Operations. Proposed schedules must be submitted to WPB on form PD-446. This will provide a means of preventing any manufacturer from using critical material to produce equipment that would be useless without rubber tires and of preventing production for non-essential uses.

Treasury Stresses Need Of Voluntary Savings

An encouraging word for the continued voluntary distribution of War Savings Bonds was given on May 6 by Harold N. Graves, Assistant to the Secretary of the Treasury. Mr. Graves outlined progress and requirements of the bond program at the economic conference held in New York City by the National Association of Mutual Savings Banks. Mr. Graves in his address said:

May 1 of this year marked the first anniversary of the Defense Savings Bond program, and I believe it will be appropriate and helpful for me to sum up the results of the first year of that program.

The program was launched May 1 a year ago. The total amount realized by the Treasury from sales of Defense Savings Bonds of all issues from that date through April 30 of this year, in round figures, was $5,400,000,000. The largest share of this amount came from the sale of bonds on series E, which amounted to about $2,900,000,000. Receipts from the sales of series F and G bonds were approximately two and a half billion.

Of total sales for the year, about $2,000,000,000 were made in the seven-month period from May through November, an average of about $290,000,000 a month. Last Dec. 7 the Japanese attacked Pearl Harbor, and in that month sales rose to almost $530,000,000. With some fluctuation, this increase has been more than maintained. In the five months from December to May total sales amounted to about $3,400,000,000, an average of almost $700,000,000 a month, or more than twice as much as the monthly average before Pearl Harbor. Although March and April sales have fallen substantially below this average, they reflect a steady increase in sales to small purchasers, and we at the Treasury have been inclined to view these results with some measure of satisfaction.

Mr. Graves said it was the job of the Treasury to so organize the savings resources of the Nation that voluntary purchases of War Savings Bonds can be maintained. He emphasized that "our over-all objective is to have at least 10% of the national income invested in War Savings Bonds." He pointed out that this goal required sales of at least $1,000,000,000 a month, practically double the present rate. He added that the new distribution plan was based upon State and county quotas. Next in order come the quotas for industry and business generally. "Then we also have a quota for individuals, widely publicized in recent months, particularly in States in which systematic canvasses nave been conducted by war bond committees. Roughly, he said, this individual or personal quota can be said to average 10% or more for all income groups. Actually, it is somewhat lower for persons with small incomes and, naturally, higher than 10% in the case of persons with larger incomes." Describing the far-flung measures necessary to attain Treasury objectives, Mr. Graves said that bond sales under payroll allotment plans would have to be multiplied about five times. In the case of the group of 25,000,000 persons regularly employed by the larger industrial and commercial concerns and by Federal, State and local governments, Mr. Graves said, they are to be approached by systematic canvass.

New WLB Members

The Presidential appointment of Cyrus Ching, Vice-President of the United States Rubber Co., as an alternate employer member of the National War Labor Board was announced on May 5.

Mr. Ching succeeds L. N. Bent, Vice-President of the Hercules Powder Co., who asked to be relieved because of the pressure of other war work. Mr. Ching has been serving as an associate member.

Alternate members of the War Labor Board may act in a labor dispute in the absence of regular members, while associate members act as mediators. The following appointments of associate members of the Board also were announced on May 5:

Arthur S. Meyer, Chairman of the New York State Board of Mediation, representing the public and replacing Mrs. Anna Rosenberg, New York Regional Director of the Social Security Board; Patrick Fagan, of the United Mine Workers, Pittsburgh, representing labor and replacing James B. Carey, CIO Secretary, who resigned; Robert Black, President of the White Motors Co. of Cleveland, representing management and succeeding Mr. Ching; and Fred A. Kraft, American Viscose Corp., Wilmington, Del., representing employers.

Honor United Nations Flags On June 14: FDR

In his annual proclamation designating June 14 as Flag Day, President Roosevelt on May 9 asked the American people to honor not only our colors but also the flags of the other 25 United Nations. The President said that this is fitting because "now we are fightng in the greatest cause the world has known" as part of a great whole and that "unless all triumph, all will fail."

The text of the President's proclamation follows:

Flag Day, 1942

For many years it has been our American custom to set aside June 14 in honor of the Flag, the Emblem of our freedom, our strength, and our unity as an independent nation under God. Now we are fighting in the greatest cause the world has known. We are fightng to free the people of this earth from the most ruthless, the most savage enemy the world has ever seen. We are dedicating all that we have and all that we are to the combat. We will not stop this side of victory.

We, as a nation, are not fighting alone. In this planetary war we are a part of a great whole: We are fighting shoulder to shoulder with the valiant peoples of the United Nations, the massed, angered forces of common humanity. Unless all triumph, all will fail.

For these reasons it is fitting that on our traditional Flag Day we honor not only our own Colors, but also the flags of those who have, with us, signed the Declaration by United Nations, paying homage to those Nations awaiting liberation from the tyranny we all oppose, to those whose lands have escaped the scars of battle, to those who have long been heroically fighting in the blaze and havoc of war.

It is also fitting, in this time of stress, that we express our devotion to our courageous mothers, many of whom are sending out their sons to do battle with the enemy and all of whom are so loyally contributing to the waging of the war on the home front.

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby ask that on Flag Day, June 14, 1942, the people of our nation honor the peoples of the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, China, Australia, Belgium, Canada, Costa Rica, Cuba, Czechoslovakia, the Dominican Republic, El Salvador, Greece, Guatemala, Haiti, Honduras, India, Luxembourg, the Netherlands, New Zealand, Nicaragua, Norway, Panama, Poland, the Union of South Africa, Yugoslavia—knowing only in the strength and valor of our unswerving unity shall we find the force to bring freedom and peace to mankind.

I direct the officials of the Federal Government, and I request the officials of the State and local governments, to have our Colors displayed on all government buildings on Flag Day, and I urge the people of the United States to fly the American Flag from their homes in honor of the Nation's mothers and their valiant sons in the service, and to arrange, where feasible, for joint displays of the Emblems of the freedom-loving nations on that day.

New Cotton Exch. Member

At a meeting of the Board of Managers of the New York Cotton Exchange held on May 7, Robert Lang of New York City was elected to membership in the Exchange. Mr. Lang is a member of the New York Coffee and Sugar Exchange.

Says Price Freezing Will Force Subsidies

Sen. Walter F. George (D., Ga.), Chairman of the Senate Finance Committee on May 5, predicted that the Government will be forced to subsidize some businesses under the general price-freezing order to avoid hardship and bankruptcy. In reporting this, International News Service advices from Washington, as given in the "Wall Street Journal," added:

Officials of the Office of Price Administration have disclosed that offering of subsidies is under discussion, and is regarded as part of the over-all price freezing plan.

"It seems to me that they will have to subsidize some businesses if prices are frozen as of March," said Senator George. "For example, fruits and vegetable canners must plan their business a year ahead, and with wages not frozen they would find themselves in difficulty under the freezing order.

"Retailers find themselves in a difficult position in having their prices frozen while goods have been bought on a basis which required an increase to enable the retailers to make profits."

Sen. Prentiss Brown (D., Mich.), who handled price-control legislation in the Senate, said that he had heard discussion of an alternative method of meeting the "lag" faced by retailers. This involves setting back the price-freezing date on wholesale prices.

"It seems to me that there will have to be subsidies if some action such as this is not taken," he said. Retailers can't be held to March prices unless all other factors affecting them are proportionately fixed."

Senator Taft, Republican, of Ohio, according to Associated Press Washington accounts May 5, suggested that it would be much simpler merely to adjust prices so that the payment of subsidies would not be necessary. "I think it is silly to say that an absolutely rigid price level must be maintained," he told reporters.

Farmers Paying Off Mtgs.

Evidence that farmers will follow the President's suggestion to pay off their mortgage indebtedness is found in the record made by Federal land bank borrowers in the last year, the Department of Agriculture reported on May 11. At the same time the Department said:

Farmers broke all record in 1941 in the amount of payments on principal on their Federal land bank and Commissioner loans. In addition they rolled up a sizeable amount for application to their debts during periods when their incomes might not be so large.

"Borrowers from the Federal land banks," said A. G. Black, Governor of the Farm Credit Administration, "are paying off their loans at a rapid rate." He added:

This situation has been true for some time. In 1941 borrowers repaid bank loans in their entirety—prior to maturity—amounting to $56,000,000, compared with $36,000,000 the year before. They made payments totalling nearly $73,000,000 on the principal of their loans, compared to $60,000,000 in 1940. In addition, they have deposited to date in the future payment funds nearly $6,000,000 with which to meet unfavorable conditions. Last year also $53,000,000 was paid on installments on the principal of Commissioner loans, compared to $46,000,000 in 1940. Borrowers paid $23,000,000 on these loans prior to maturity last year, compared to $15,000,000 in 1940.

April Failures Lower

April business failures were below the high total for the year reached in March and were also below the April total of last year. Business casualties last month, according to Dun & Bradstreet, Inc., totaled 938 and involved $9,282,000 liabilities as compared with 1,048 involving $12,011,000 in March, and 1,149 involving $13,827,000 in April, 1941.

The falling off from March took place in all the divisions of commerce and industry into which the insolvencies are divided. Compared with April, 1941, the same remark is true except for one divsion, the Commercial Service.

Manufacturing failures numbered 146 last month involving $2,953,000 liabilities, compared with 188 in March with $3,737,000 liabilities. Wholesale insolvencies decreased to 65 with $1,132,000 liabilities from 108 with $3,743,000 a year ago. In the retail trade division failures dropped to 624 involving $3,829,000 compared with 745 involving $3,970,000 in April last year. Construction insolvencies were 65 with $1,033,000 liabilities from 70 with $1,120,000 liabilities in April, 1941. Commercial Service failures numbered 38 with $335,000 liabilities as compared with 35 with $573,000 liabilties in April last year.

When the country is divided according to Federal Reserve Districts, it appears that ten districts had fewer insolvencies than in April, 1941, while two districts had more.

SEC Amends Utility Rule

The Securities and Exchange Commission announced on May 7 the adoption of an amendment to Rule U-7 under the Public Utility Holding Company Act of 1935. This rule says the Commission, automatically excludes from the category of "electric utility company" and "gas utility company," for the purposes of the Act, certain companies primarily engaged in other businesses. The Commission further states:

The rule provides that such companies, although having a certain amount of public utility business, shall not be deemed electric or gas utility companies if their gross sales of electric energy or gross retail sales of natural or manufactured gas did not exceed $100,000 for the previous calendar year, which amount is computed after excluding certain classes of transactions specified in paragraph (b) of the rule. The amendment to the rule adopts a new class of sales which are to be excluded from consideration, namely, certain wholesale sales of electric energy in connection with the war emergency activities. The general effect of the rule is to prevent companies which would not otherwise be subject to the Act, as subsidiaries of registered holding companies or as public utility companies, from losing that status as a result of wartime interchange of power.

To Discuss War Problems

The Board of Directors of the National Association of Real Estate Boards will meet in Chicago on May 22 to review action that may be advisable in the whole range of real estate work connected with or affected by the war program. The executive committee will meet with Association President, David B. Simpson on May 21.

A meeting of the Realtors' Washington Committee, made up of heads of the Association's institutes and divisions, will be held as part of the directors' meeting. Coincidental meetings are scheduled of the governing bodies of the American Institute of Real Estate Appraisers, the Home Builders Institute of America, the National Institute of Real Estate Brokers, and their important committees on May 21.

A.I.B. Program Under Way For Institute Conference

Leaders who will preside over the departmental and Institute conferences to be held at the annual convention of the American Institute of Banking in New Orleans, June 8 to 11, are arranging programs for the conference sessions, it is announced by George T. Newell, A.I.B. President, who is Vice President of the Manufacturers Trust Co., New York City.

The departmental conferences of the convention will deal with bank management, bank operations, business development and advertising, credits, savings banking, and trust business and investments. The Institute conferences will consider chapter administration, chapter publicity, debating, education, public relations, public speaking, and bank women's work.

Bureau Mgrs. To Convene

Convention bureau managers, who arrange conventions for others, will hold their own conclave in New York City, Aug. 19 to 21, it was announced April 27 by C. N. Nichols, Executive Director of the Convention and Visitors Bureau of the Commerce and Industry Association of New York, Inc. He said that New York City's invitation to the International Association of Convention Bureaus has been accepted and that managers and directors from 35 of the principal convention cities of the United States and Canada would attend. Henry T. Davis, Secretary-Manager of the Indianapolis Convention and Publicity Bureau, is President of the Association and J. S. Turner, Manager of the Convention Bureau of the Cincinnati Chamber of Commerce, is Secretary-Treasurer.

Authorize $800 Million Naval Shore Facilities

President Roosevelt signed on April 28 legislation authorizing an $800,000,000 expansion in the Navy's shore facilities.

Tentative allocations of the amount would be as follows:

Fleet facilities, $4,000,000; aviation facilities, $168,780,000; lighter-than-air program, $25,000,000; storage facilities, $119,000,000; liquid fuel storage, $100,000,000; Marine Corps training facilities, $20,000,000; ordnance storage facilities, $150,000,000; personnel training and housing facilities, $100,000,000; hospital and dispensary facilities, $40,500,000; shore radio facilities, $11,000,000; Naval Research Laboratory, $720,000; miscellaneous structures, $25,000,000; floating dry dock program, $36,000,000.

Completion of Congressional action on this bill was referred to in our issue of April 30, page 1704.

Living Cost Up In March

Living costs for wage earners and lower-salaried clerical workers increased from February to March in 66 of the 67 industrial cities surveyed each month by the Division of Industrial Economics of The Conference Board. The Board on May 1 stated that the largest increase was 2.8% in Meadville, Pennsylvania, the smallest 0.2% in New Orleans. A slight decline of 0.1% occurred in Saginaw, Mich. In the United States as a whole, the cost of living rose 1.1%. The Board further reported:

The cost of living was higher this March than in March, 1941, in all the cities for which comparable figures are available. The largest increase was 16.8% in Syracuse, the smallest, 8.1% in Newark. In the United States as a whole the cost of living rose 11.4% from March, 1941, to March, 1942.

Principles Of Cost For Govt. Contracts

A handbook which explains principles for determining costs under Government contracts has just been prepared by the Accounting Advisory Branch of the War Production Board. In announcing this on May 6 the WPB explains:

For some time costs under government contracts have been based on a decision of the Treasury originally issued to carry out the profit limitation provisions of the former Vinson-Trammell Act. This decision is known as TD 5000 and has been regarded by Government departments as the most satisfactory existing definition of costs. The booklet just issued is not a revision or an interpretation of TD 5000 but explains in simple and complete terms the principles of costs as covered by TD 5000.

The booklet was prepared under the direction of Eric A. Camman, Chief, and Maurice E. Poloubot, Assistant Chief, of the Accounting Advisory Branch of the WPB. Copies can be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 10c each.

Ship More Hawaiian Sugar

Advices received by the New York Coffee & Sugar Exchange from Honolulu show that Hawaii shipped 108,066 short tons of raw sugar to the United States during April — exceeding the 90,536-ton shipments during the previous three months of the year. The Exchange's announcement added:

Shipments during the first-third of the year now total 198,582 tons, all raws to West Coast ports, or a rate of 592,000 tons for the full year. Moreover, if the April rate is maintained, a full million tons can be brought here in 1942, or just twice as much as Washington authorities have counted on.

During January-April of last year, exports from Hawaii totaled 274,321 tons of which, however, 78,797 tons were for Atlantic Coast points. Ignoring the East Coast shipments, therefore, shipments to the West Coast this year are up to the volume shipped during the same months of last year. This is in sharp contrast to shipment from Cuba and Puerto Rico which—together—are running nearly 40% under last year's movement.

Inter-Amer. Shipping Pool

Formation of an inter-American shipping pool to alleviate the growing merchant marine problem of the Western Hemisphere was disclosed on May 5 by Secretary of State Hull and Ambassador Juan Carlos Blanco of Uruguay. In reporting this, Associated Press Washington advices said:

Mr. Blanco said Uruguay was donating one vessel to the pool and that he would sign a transfer contract in the near future.

Mr. Hull told his press conference that Uruguay was showing additional interest in the Allies cause by contributing the ship which he said he believed was a Danish vessel seized by the Uruguayan Government last summer.

It was assumed that other American nations which seized refugee ships last summer would contribute to the pool.

The Secretary said he did not know what flag the Uruguay ship would fly, but informed sources said it would be the colors of one of the American nations that have declared war against the Axis, probably the United States. Uruguay has severed relations with Germany, Japan and Italy.

Preliminary Debt Statement Of The United States April 30, 1942

The preliminary statement of the public debt of the United States April 30, 1942, as made up on the basis of the daily Treasury statement, is as follows:

Public Issues—			
Bonds—			
3% Panama Canal loan of 1961		$49,800,000.00	
3% Conversion bonds of 1946		15,761,000.00	
3% Conversion bonds of 1947		13,133,500.00	
2½% Postal Savings bonds (23d to 49th series)		117,295,680.00	
			$195,990,180.00
Treasury Bonds—4¼% series of 1947-52		$758,945,800.00	
4% of 1944-54		1,036,692,400.00	
3¾% of 1946-56		489,080,100.00	
3⅜% of 1943-47		454,135,200.00	
3⅛% of 1946-49		818,627,000.00	
3% of 1951-55		755,431,000.00	
3¼% of 1943-45		1,400,528,250.00	
3¼% of 1944-46		1,518,737,650.00	
3% of 1946-48		1,035,873,400.00	
3⅛% of 1949-52		491,375,100.00	
2⅞% of 1955-60		2,611,092,150.00	
2¾% of 1945-47		1,214,428,950.00	
2¾% of 1948-51		1,223,495,850.00	
2¾% of 1951-54		1,626,687,150.00	
2¾% of 1956-59		981,826,550.00	
2½% of 1949-53		1,786,129,150.00	
2½% of 1945		540,843,550.00	
2½% of 1948		450,978,400.00	
2¾% of 1958-63		918,780,600.00	
2½% of 1950-52		1,185,841,200.00	
2¾% of 1960-65		1,485,384,600.00	
2% of 1947		701,072,900.00	
2% of 1948-50 (Dec., 1939)		571,431,150.00	
2¼% of 1951-53		1,118,051,100.00	
2¼% of 1954-56		680,692,350.00	
2% of 1953-55		724,677,900.00	
2% of 1948-50 (Mar., 1941)		1,115,368,400.00	
2½% of 1952-54		1,023,568,350.00	
2½% of 1956-58		1,448,747,650.00	
2½% of 1967-72		2,716,046,700.00	
2% of 1951-55		510,413,950.00	
2% of 1949-51		1,014,018,900.00	
2¼% of 1952-55		1,500,781,300.00	
			35,909,784,700.00
*United States Savings Bonds—series A-1935		$170,849,562.75	
Series B-1936		310,614,908.75	
Series C-1937		403,525,662.50	
Series C-1938		484,937,104.50	
Series D-1939		800,257,121.75	
Series D-1940		993,082,065.00	
Series D-1941		445,681,452.75	
Series E-1941		1,304,448,412.50	
Series F-1941		229,107,034.00	
Series G-1941		1,269,324,900.00	
Series E-1942		1,139,484,143.75	
Series F-1942		187,173,694.50	
Series G-1942		819,827,400.00	
Unclassified sales		392,699,655.64	
			8,951,013,118.39
2% Depositary bonds			76,361,000.00
3% Adjusted service bonds of 1945			230,178,740.00
Total			$45,363,327,738.39
Treasury Notes—Regular Series—			
2% series B-1942, maturing Sept. 15, 1942		$342,143,300.00	
1¾% series C-1942, maturing Dec. 15, 1942		232,375,200.00	
1⅛% series A-1943, maturing June 15, 1943		629,113,400.00	
1⅛% series B-1943, maturing Dec. 15, 1943		420,971,500.00	
1% series C-1943, maturing Sept. 15, 1943		279,473,800.00	
¾% series D-1943, maturing Mar. 15, 1943		65,963,700.00	
¾% series A-1944, maturing June 15, 1944		415,519,000.00	
1% series B-1944, maturing Mar. 15, 1944		515,210,400.00	
1% series C-1944, maturing Sept. 15, 1944		283,006,000.00	
¾% series A-1945, maturing Mar. 15, 1945		718,012,200.00	
1% series A-1946, maturing Mar. 15, 1946		502,866,000.00	
		$4,404,654,500.00	
National Defense Series—			
¾% series D-1944, maturing Sept. 15, 1944	$635,064,400.00		
¾% series B-1945, maturing Dec. 15, 1945	530,838,700.00		
		1,165,903,100.00	
Tax Series—			
A-1943, matur'g Aug. 1, 1943	$29,592,325.00		
B-1943, matur'g Aug. 1, 1943	1,891,645,600.00		
A-1944, matur'g Jan. 1, 1944	18,568,700.00		
B-1944, matur'g Jan. 1, 1944	804,196,000.00		
		2,744,362,625.00	
			8,314,920,225.00
Certificates of Indebtedness—			
½% series A-1942, maturing Nov. 1, 1942			1,507,035,000.00
Treasury bills (maturity value)			1,953,364,000.00
Special Issues—Bonds—			
4½% Adjusted service bonds (Government life insurance fund, series 1946)			500,157,956.40
Treasury Notes—			
Federal old-age & survivors insurance trust fund:			
3% old-age reserve account series, maturing June 30, 1942 to 1944		$937,900,000.00	
2½% Federal old-age and survivors insurance trust fund series, maturing June 30, 1944 to 1946		1,328,100,000.00	
2⅜% Federal old-age and survivors insurance trust fund series, maturing June 30, 1946		603,000,000.00	
3% railroad retirement account series, maturing June 30, 1946		112,000,000.00	
Civil Service retirement fund—			
4% series, maturing June 30, 1942 to 1946		739,300,000.00	
3% series, maturing June 30, 1944 to 1946		1,136,000.00	
4% Foreign Service retirement fund series, maturing June 30, 1942 to 1946		5,279,000.00	
4% Canal Zone retirement fund series, maturing June 30, 1942 to 1946		6,338,000.00	
4% Alaska Railroad retirement fund series, maturing June 30, 1942 to 1946		1,215,000.00	
2% Postal Savings System series, matur'g June 30, 1943 and 1944		55,000,000.00	
2% Government life insurance fund series, matur- June 30, 1946		9,650,000.00	
3% National Service life insurance fund series, maturing June 30, 1945 and 1946		25,975,000.00	
2% Federal Deposit Insurance Corporation series, maturing Dec. 1, 1944 to 1946		95,000,000.00	
2% Federal Savings and Loan Insurance Corporation series, maturing June 30, 1945		5,050,000.00	
			3,924,943,000.00
Certificates of Indebtedness—			
4% Adjusted service certificate fund series, maturing Jan. 1, 1943		$18,600,000.00	
2½% Unemployment trust fund series, maturing June 30, 1942		2,379,000,000.00	
2⅜% Unemployment trust fund series, maturing June 30, 1942		535,000,000.00	
			2,932,600,000.00
Total interest-bearing debt outstanding			$64,496,347,919.79
Matured debt on which interest has ceased			107,503,530.26

Debt Bearing No Interest—		
United States notes	$346,681,016.00	
Less gold reserve	156,039,430.93	
	$190,641,585.07	
Deposits for retirement of National bank and Federal Reserve bank notes	161,049,603.50	
Old demand notes and fractional currency	2,023,117.42	
Thrift and Treasury savings stamps	3,752,069.75	
		357,466,375.74
Total gross public debt (including $2,590,426,500 advanced to governmental agencies for which their obligations are owned by the Treasury)		64,961,317,825.79
Guaranteed obligations not owned by the Treasury		5,688,453,480.28
Total gross public debt and guaranteed obligations		$70,649,771,306.07

*Series G is stated at par; all others are stated at current redemption values.

Electric Output For Week Ended May 9, 1942 Shows 11.6% Gain Over Same Week in 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 9, 1942, was 3,351,126,000 kwh., which compares with 3,003,921,000 kwh. in the corresponding period in 1941, a gain of 11.6%. The output for the week ended May 2, 1942, was estimated to be 3,304,602,000 kwh., an increase of 12.2% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— May 9, '42	May 2, '42	Apr. 25, '42	Apr. 18, '42
New England	7.8	8.0	7.0	10.8
Middle Atlantic	8.7	9.7	9.0	13.0
Central Industrial	10.2	11.1	9.4	11.6
West Central	10.1	8.9	8.4	9.0
Southern States	14.8	16.1	12.4	18.1
Rocky Mountain	3.3	3.3	4.0	2.1
Pacific Coast	20.1	19.8	22.0	25.3
Total United States	11.6	12.2	10.9	14.2

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Mar. 14	3,357,444	2,983,591	+12.5	2,550,000	1,537,747	1,687,229
Mar 21	3,357,032	2,983,048	+12.5	2,508,321	1,514,553	1,687,229
Mar. 28	3,345,502	2,975,407	+12.4	2,524,066	1,480,208	1,679,589
Apr. 4	3,348,608	2,959,646	+13.1	2,493,690	1,465,076	1,663,291
Apr. 11	3,320,858	2,905,581	+14.3	2,529,908	1,480,738	1,696,543
Apr. 18	3,307,700	2,897,307	+14.2	2,528,868	1,469,810	1,709.331
Apr. 25	3,273,190	2,950,448	+10.9	2,499,060	1,454,505	1,699,822
May 2	3,304,602	2,944,906	+12.2	2,503.899	1,429,032	1,688,434
May 9	3,351,126	3,003,921	+11.6	2,515,515	1,436,928	1,698,492

Churchill Reviews Progress Of War; Warns Axis Powers Against Use Of Poison Gas

With the conclusion of his two years of service as Great Britain's Prime Minister, Winston Churchill, in a broadcast from London May 10, reporting on the operations of the war, briefly summarized the war's chapter as follows:

If we look back today over the course of the war as it has so far unfolded we can see that it seems to divide itself into four very clearly defined chapters.

The first ended with the overrunning by the Nazis of Western Europe and the fall of France.

The second chapter, Britain alone, ended with Hitler's attack upon Russia.

I would call the third chapter, which then began, "the Russian glory." May it long continue.

The fourth chapter opened at Pearl Harbor when the military party in Japan treacherously attacked the United States and Great Britain in the Far East. That is where we are now.

The Prime Minister in stating that "as in the last war, we are moving through many reverses and defeats to complete and final victory," added:

We have only to endure and persevere to conquer.

Now we are no longer unarmed. We are well armed.

Now we are not alone. We have mighty allies. . . . There can only be one end. When it will come, or how it will come, I cannot tell.

But when we survey the overwhelming resources which are at our disposal once they are fully marshalled and developed, as they can be and as they will be, we may stride forward into the unknown with growing confidence.

With reference to the use of poison gas, Mr. Churchill had the following to say:

There, however, is one serious matter which I must mention to you. The Soviet Government have expressed to us the view that the Germans in the desperation of their assault may make use of poison gas against the armies and people of Russia. We are ourselves firmly resolved not to use this odious weapon unless it is used first by the Germans. Knowing our Hun, however, we have not neglected to make preparations on a formidable scale.

I wish to make it plain that we shall treat the unprovoked use of poison gas against our Russian ally exactly as if it were used against ourselves and if we are satisfied that this new outrage has been committed by Hitler we will use our great and growing air superiority in the West to carry gas warfare on the largest possible scale far and wide against the military objective in Germany.

Reference was also made by the Prime Minister to the decision of the British Government to occupy the French Island of Madagascar in the Indian Ocean, as to which he said:

We have found it necessary to take precautions to prevent Madagascar falling into enemy hands by some dishonorable and feebly drifting or connivance by Vichy like that which injured us so much in Indo-China. It is three months since the decision was taken and more than two months since the expedition left these shares.

Its first task was to secure the splendid harbor of Diego Suaraz, which, if it had fallen into Japanese hands, might have paralyzed all our communications with India and the Middle East.

While troops were on the sea I must tell you I felt a shiver every time I saw the word "Madagascar" in the newspapers. All these articles with diagrams and measured maps, showing how very important it was for us to take Madagascar and forestall the Japanese and be the first for once, filled me with apprehension.

There was no question of leakage or a breach of confidence.

As they say, great minds think alike, but shrewd surmise may be as dangerous as leakage, and it was with considerable relief that I learned that the difficulties of our soldiers and their losses had not been aggravated and that the operation had been swiftly and effectually carried out.

We hold these places in trust for that gallant France which we have known and marched with and whose restoration to her place among great powers of the world is indispensable to the future of Europe. Madagascar rests under safeguard of the United Nations.

In his concluding remarks the Prime Minister said:

The Japanese war lords cannot be indifferent to the losses of aircraft inflicted upon them at so many points and particularly off the northern coasts of Australia and in their repulse at Colombo and Trincomalee.

At the start the pent-up, saved-up resources of Japan were bound to prevail in the Far Eastern theatre. But the strength of the United States expressed in units of modern war power—actual and potential—is alone many times greater than the power of Japan. And we also will make our contribution to the final defeat and punishment of this abitious and greedy nation.

Time will, however, be needed before the true strengths on either side of the Eastern war become manifest. I am not prone to make predictions, but I have no doubt tonight that British and American seapower will grip and hold the Japanese and that overwhelming air power, supported by covering military operations, will lay them low. This would come to pass very much sooner should anything happen to Hitler and Europe.

Therefore, tonight I give you a message of good cheer. You deserve it and the facts endorse it. But be it good cheer or be it bad cheer it will make no difference to us. We shall drive on to the end and do our duty, win or die.

God helping us, we can do no other.

OPA Given Power To Ration All Tires

Authority to ration all types of tires, including synthetic, for all purposes, including industrial equipment, was delegated to the Office of Price Administration by the War Production Board on May 6. In making this known the OPA said:

Under previous delegations of authority by the WPB, the OPA had power to ration tires for commercial as well as passenger use, but some confusion existed as to the jurisdiction over tires for certain types of industrial equipment. The new regulation (Amendment No. 1 to Supplementary Directive 1-B) makes clear that power to ration this type of tire resides in the OPA.

The amendment also extends the rationing power delegated to OPA by WPB Directive No. 1 to cover all tires, whether made of crude, scrap, or reclaimed rubber, or any of the substances commonly known as synthetic rubber.

Excepted from OPA control by the amendment are tires to be sold for military use or export, or tires for use on airplanes. The WPB also retains control, under the Rationing Regulations, of tires for vehicles in the hands of manufacturers, distributors, and retailers.

The delegation contained in the amendment supersedes the powers delegated by Rubber Order, M-15-c, but all actions heretofore taken by the OPA pursuant to the latter order, or in accordance with other rationing directives or regulations are ratified, approved, and confirmed.

Daily Average Crude Oil Production For Week Ended May 2, 1942 Declines 246,350 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 2, 1942 was 3,335,000 barrels, a decrease of 246,350 barrels from the preceding week. The current figure was also 272,100 barrels below the output for the corresponding period last year and was also 331,800 barrels under the daily average for the month of April as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,441,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 101,376,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,371,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	a O.P.C. Recommendations April	a State Allowables Beginning April 1	—Actual Production— Week Ended May 2 1942	Change From Previous Week	4 Weeks Ended May 2 1942	Week Ended May 3 1941
Oklahoma	436,900	436,900	b404,650	+ 3,900	398,850	408,650
Kansas	253,400	253,400	b255,300	+ 2,100	249,450	209,100
Nebraska	5,000	------	b3,900	------	4,000	4,200
Panhandle Texas			78,500	— 11,550	89,450	76,850
North Texas			161,800	+ 14,250	135,100	125,800
West Texas			140,150	— 50,050	176,950	210,250
East Central Texas			73,900	— 5,550	78,050	74,950
East Texas			146,400	— 79,450	205,950	304,000
Southwest Texas			114,500	— 42,400	144,900	175,100
Coastal Texas			181,250	— 47,300	218,700	232,800
Total Texas	1,134,000	c1,174,801	896,500	—222,050	1,049,100	1,199,750
North Louisiana			81,850	+ 4,150	79,450	72,100
Coastal Louisiana			232,500	— 7,350	244,050	235,450
Total Louisiana	313,000	338.466	314,350	— 3,200	323,500	307,550
Arkansas	74,000	73,685	73,600	+ 100	73,500	72,350
Mississippi	49,800		b91,250	— 3,450	95,350	28,450
Illinois	354,400		295,150	— 3,650	297,050	322,900
Indiana	18,200		b20,850	+ 2,250	19,800	21,800
Eastern (not incl. Ill. & Ind.)	102,600		103,200	+ 4,500	100,500	93,250
Michigan	60,200		63,200	+ 2,400	60,000	38,000
Wyoming	88,900		90,750	— 2,850	92,600	73,600
Montana	23,700		21,600	------	21,600	19,100
Colorado	6,900		5,250	— 50	5,100	3,800
New Mexico	86,000	86,000	73,650	— 5,750	77,900	108,800
Total East of Calif.	3,007,000		2,713,200	—225,750	2,868,300	2,911,300
California	659,800	d659,800	621,800	— 20,600	632,900	595,800
Total United States	3,666,800		3,335,000	—246.350	3,501,200	3,507,100

a Beginning with April the O.P.C. recommendations represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Formerly the recommended rates were for crude oil only. State allowables are also calculated on the same basis beginning with April. It may be that certain wells will be found incapable of producing the allowables granted. Actual State production may, for this reason, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in January, 1942, in barrels as follows: Oklahoma, 29,000; Kansas, 6,000; Texas, 114,000; Louisiana, 21,000; Arkansas, 2,000; California, 43,000; other States, including New Mexico, 26,000.

b Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. April 29.

c This is the net basic 30-day allowable as of April 1, but experience indicates that it will increase as new wells are completed, and if any upward revisions are made With a few exceptions, notably Panhandle (shut down 10 days) and aviation grade fields (nine days) the entire State was ordered shut down on April 3, 4, 5, 6, 10, 11 12, 13, 17, 18, 19, 20, 24, 25, 26, 27, 29 and 30.

d Rcommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED MAY 2, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	e Stocks of Gas Oil and Distillate Fuels	e Stocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,549	65.0	4,366	45,807	13,943	15,694
Appalachian	174	84.5	160	92.0	501	3,995	382	628
Ind., Ill., Ky.	784	84.9	703	89.7	2,498	21,842	2,558	3,383
Okla., Kansas, Mo.	418	81.1	355	84.9	1,260	10,072	886	1,663
Focky Mountain	138	50.7	83	60.1	292	2,481	293	583
California	787	90.9	591	75.1	1,454	17,179	11,576	57,988
Tot. U. S. B. of M. basis May 2, 1942	4,684	86.9	3,441	73.5	10,371	a101,376	29,638	79,939
Tot. U. S. B. of M. basis April 25, 1942	4,684	86.9	3,506	74.9	10,535	102,897	29,240	81,107
U. S. Bur. of Mines basis May 3, 1941			3.772		12.188	95.823	32.021	91,889

a Finished, 93,803,000 barrels; unfinished, 7,573,000 barrels. e At refineries, at bulk terminals, in transit, and in pipe lines.

*At the request of the Office of the Petroleum Coordinator.

Bankers Dollar Acceptances Outstanding On April 30 Decline to $177,293,000

The volume of bankers dollar acceptances outstanding decreased $5,382,000 during April to $177,293,000 on April 30, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York, issued May 12. This compares with a total of $182,675,000 outstanding on March 31 and with $219,561,000 on April 30, 1941.

The decline in comparisons with a month and a year ago were attributed to decreases in all branches of credit except domestic shipments and domestic warehouse credits.

The Reserve Bank's report for April 30 follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	April 30, 1942	March 31, 1942	April 30, 1941
1 Boston	$31,272,000	$31,301,000	$29,792,000
2 New York	110,096,000	113,135,000	147,109,000
3 Philadelphia	9,213,000	9,844,000	11,556,000
4 Cleveland	2,806,000	3,943,000	3,357,000
5 Richmond	1,604,000	919,000	1,231,000
6 Atlanta	2,525,000	2,998,000	2,528,000
7 Chicago	5,147,000	5,270,000	4,962,000
8 St. Louis	750,000	884,000	495,000
9 Minneapolis	184,000	228,000	667,000
10 Kansas City	--------	--------	--------
11 Dallas	2,394,000	3,101,000	301,000
12 San Francisco	11,302,000	11,052,000	17,561,000
Grand Total	$177,293,000	$182,675,000	$219,561,000

Decrease for month, $5,382,000. Decrease for year, $42,268,000.

ACCORDING TO NATURE OF CREDIT

	April 30, 1942	March 31, 1942	April 30, 1941
Imports	$96,697,000	$103,352,000	$125,680,000
Exports	16,703,000	17,356,000	25,087,000
Domestic shipments	16,882,000	15,388,000	9,767,000
Domestic warehouse credits	31,259,000	29,116,000	28.651,000
Dollar exchange	1,496,000	1,764,000	7,113,000
Based on goods stored in or shipped between foreign countries	14,256,000	15,699,000	23,263,000

BILLS HELD BY ACCEPTING BANKS

Own bills-----$86,213,000 Bills of others-----$52,596,000 Total-----$138,809,000

Decrease for month, $7,172,000

CURRENT MARKET RATES ON PRIME BANKERS' ACCEPTANCES, MAY 12, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since May 31, 1939:

1939—		1940—		1941—	
May 31	$246,574,727	May 31	$213,685,000	May 31	$215,005,000
June 30	244,530,440	June 29	206,149,000	June 30	212,932,000
July 31	236,010,050	July 31	188,350,000	July 31	209,899,000
Aug. 31	235,034,177	Aug. 31	181,813,000	Aug. 30	197,472,000
Sept. 30	215,881,724	Sept. 30	176,614,000	Sept. 30	176,801,000
Oct. 31	221,115,945	Oct 31	186,789,000	Oct. 31	184,806,000
Nov. 30	222,599,000	Nov. 30	196,683,000	Nov. 29	193,590.000
Dec. 30	232,644,000	Dec. 31	208,659,000	Dec. 31	194,220,000
1940—		1941—		1942—	
Jan. 31	229,230,000	Jan. 31	212,777,000	Jan. 31	197,278,000
Feb. 29	233,015,000	Feb. 28	211,865,000	Feb. 28	190.010,000
Mar. 30	229,705,000	Mar. 31	217,312,000	Mar. 31	182,675,000
Apr. 30	223,305,000	Apr. 30	219,561,000	Apr. 30	177.293,000

More Soil Conservation

Calling for greater use of soil-saving methods to increase the per-acre production of vital war crops, the U. S. Department of Agriculture on May 5 announced a reorganization of the Soil Conservation Service to give farmers and ranchers more help with wartime land problems. The Department in its announcement said:

Through realignment of the agency, skilled technical employees now working in Washington, regional and other offices will be assigned to work directly with farmers, local groups and other agencies in solving production and conservation problems. To do this the Department said it would be necessary to close 82 field offices of the Soil Conservation Service, including three major regional headquarters. The staffs of the remaining regional offices and the Washington office will be reduced considerably.

Net result of the reorganization, the Department said, would be to promote more efficient use of land resources in the Food for Freedom program.

It is announced that in addition to the elimination of three regional offices, 79 area offices throughout the country are discontinued. Soil Conservation Service activities formerly supervised by one or more area offices in a State will be handled from a single State office.

Non-Ferrous Metals—Zinc Allocation Order Issued By WPB—Ferromanganese Advanced

"Metal and Mineral Markets" in its issue of May 7 reported that the formal zinc order placing the metal under full allocation on June 1 was issued during the last week. The regulations, which were about in line with expectations, were issued in time to permit the industry to study the document well in advance of the effective date. Confusion about the status of ferromanganese prices was cleared up on May 1 when OPA announced that higher ore costs warrant an advance in the price of $15 per ton. Metals Reserve Co. issued a new price schedule on purchases of domestic manganese ore in quantities of 1,000 to 10,000 tons per contract in which the base price on high-grade 48% Mn ore has been raised to $1 per unit, or $48 per ton. The publication further reported as follows:

Copper

Sales of copper in the domestic market for the week totaled 51,037 tons, indicating that allocation of the metal for May got under way promptly. Consumption of copper in non-essentials is drying up under WPB regulations. Those in the industry who thought that the supply situation might ease under strictly controlled consumption now find that extra supplies of copper are being stored by the Government. The tonnage sold during April involved 95,139 tons, against 87,682 tons in March. Prices on both foreign and domestic copper remained unchanged.

Lead

The emergency pool in lead for May was established officially at 15% of March's rate of production. In view of the fact that pool metal is being released promptly, the plan of setting aside a percentage of the domestic output each month may be modified. On the other hand, the Government is stockpiling lead of foreign origin. Domestic consumption of lead is being held down to about 70,000 tons a month. Scrap lead is coming out more freely to smelters because of conservation orders.

Sales of common lead in the domestic market during the last week amounted to 6,267 tons. Quotations on common lead continued at 6.50c., New York, and 6.35c., St. Louis.

Zinc

The Division of Industry Operations, WPB, on May 1 issued General Preference Order M-11, together with amendments, placing zinc under full allocation, effective June 1. The plan controlling distribution of zinc has been drawn up along the lines of the regulations governing copper. Producers of zinc, all grades, will not be permitted to ship zinc except on presentation by the customer of an allocation certificate issued by the Director of Industry Operations. Allocation certificates will be issued on or about the first of each month. Zinc produced from foreign ores in bond may be re-exported provided an export license has been issued by the Office of Export Control, Board of Economic Warfare.

Zinc oxide and zinc dust distribution will continue as in the past, a certain quantity being set aside from time to time for emergency needs.

The Prime Western division of the zinc industry sold 3,220 tons of the ordinary grades during the last week, against 5,346 tons in the week previous. Shipments for the week ended May 2 involved 5,205 tons, and the backlog decreased to 89,349 tons. With zinc going into complete control so far as distribution is concerned, sales in the future will move more in line with tonnages released by officials in Washington, the trade believes. The price situation continues unchanged.

Tin

Further restriction in use of tin for containers is planned by WPB to conserve supplies. Straits quality tin continues at 52c. per pound, all positions. Chinese, 99%, is quotable at 51.125c. per pound. London tin not quoted.

Quicksilver

Trading in quicksilver was described as routine in character, with the price situation unchanged. Spot metal in New York held at $197.30 to $199.21.

Silver

During the past week the silver market in London has been quiet and steady, with the price unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c. and 35c., respectively.

At an informal meeting held in Washington April 29, Secretary Morgenthau assured Western Senators that the Treasury did not plan to seek repeal of silver legislation. Moreover, he stated that he knew of no move in Congress for repeal of the Silver Purchase Act and the domestic silver purchase law. The meeting was attended by Senators from Montana, Idaho, Utah, California, Oklahoma, and Minnesota.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

Apr. May	Electrolytic Copper Domest., Refin.	Electrolytic Copper Exp., Refin.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
30	11.775	11.700	52.000	6.50	6.35	8.25
1	11.775	11.700	52.000	6.50	6.35	8.25
2	11.775	11.700	52.000	6.50	6.35	8.25
4	11.775	11.700	52.000	6.50	6.35	8.25
5	11.775	11.700	52.000	6.50	6.35	8.25
6	11.775	11.700	52,000	6.50	6.35	8.25
Average	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended May 2 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead, 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c. is deducted from f.a.s. basis (lighterage, etc.) to arrive at the f.o.b. refinery quotation.

New York Stock Exchange Odd-Lot Trading

The Securities and Exchange Commission has made public a summary for the weeks ended April 25 and May 2, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended—	April 25	May 2
Odd-lot-Sales by Dealers:		
(Customers' Purchases)		
Number of orders	11,155	11,500
Number of shares	269,088	281,874
Dollar value	$9,640,804	$11,246,664
Odd-lot Purchases by Dealers:		
(Customers' Sales)		
Number of orders:		
Customers' short sales	267	335
*Customers' other sales	10,166	11,239
Customers' total sales	10,433	11,574
Number of shares:		
Customers' short sales	9,111	9,262
*Customers' other sales	251,781	269,438
Customers' total sales	260,892	278,700
Dollar value	$8,299,460	$9,476,846
Round-lot Sales by Dealers:		
Number of shares:		
Short sales	120	820
†Other sales	64,830	67,810
Total sales	64,950	68,630
Round-lot Purchases by Dealers:		
Number of shares	75,960	72,830

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Automobile Production Down 60% Since January

Factory sales of automobiles manufactured in the United States, including complete units or vehicles reported as assembled in foreign countries from parts made in the United States, for March, 1942, consisted of 94,510 vehicles, of which 6,216 were passenger cars and 88,294 commercial cars, trucks, and road tractors, as compared with 134,134 vehicles in February, 1942, 507,834 vehicles in March, 1941, and 423,620 vehicles in March, 1940. These statistics comprise data for the entire industry and were released May 8 by Director J. C. Capt, Bureau of the Census, Department of Commerce.

Statistics for 1942 are based on data received from 69 manufacturers in the United States, 20 making passenger cars and 63 making commercial cars, trucks, or road tractors (14 of the 20 passenger car manufacturers also making commercial cars, trucks, or road tractors). It should be noted that those making both passenger cars and commercial cars, trucks, or road tractors have been included in the number shown as making passenger cars and in the number making commercial cars, trucks, or road tractors, respectively. The figures for passenger cars include those for taxicabs. The figures for commercial cars, trucks, and road tractors include those for ambulances, funeral cars, fire apparatus, street sweepers, station wagons, and buses, but the number of such special purpose vehicles is very small and hence a negligible factor in any analysis for which the figures may be used. Canadian production figures are supplied by the Dominion Bureau of Statistics.

Figures of automobile production in February, 1942, appeared in the April 16, 1942, issue of the "Chronicle," page 1547.

NUMBER OF VEHICLES (INCLUDING CHASSIS)

Year and month	United States (Factory Sales) Total (all vehicles)	Passenger cars	Commercial cars, trucks and road tractors	Canada (Production) Total	Passenger cars	Commercial cars and trucks
1942—						
February	134,134	52,200	81,934	20,181	3,989	16,192
March	94,510	6,216	88,294	20,188	3,192	16,996
1941—						
February	485,622	394,513	91,109	23,710	10,647	13,063
March	507,834	410,196	97,638	26,044	12,093	13,951
1940—						
February	404.032	337.756	66.276	18.193	12.779	5.414
March	423,620	352,922	70,698	16,612	12,025	4,587

Moody's Common Stock Weighted Average Yield

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
Year—						
1929	4.0%	4.4%	2.6%	1.7%	3.2%	3.5%
1930	4.9	5.6	3.7	2.8	4.3	4.6
1931	6.4	8.7	5.4	5.0	6.7	6.2
1932	7.3	6.3	8.0	7.0	9.3	7.4
1933	3.7	2.7	6.9	6.1	5.4	4.4
1934	3.4	3.0	6.9	5.6	3.9	4.1
1935	3.5	4.0	6.3	4.8	3.7	4.0
1936	3.4	2.7	4.5	3.5	3.3	3.5
1937	4.8	4.3	5.5	3.6	3.9	4.8
1938	3.9	5.3	6.4	5.0	4.3	4.4
1939	3.9	3.7	5.5	4.4	4.1	4.2
1940	5.3	5.4	5.7	4.4	4.4	5.3
1941	6.3	6.5	6.6	4.7	4.2	6.2
Month—						
January, 1941	6.0	6.2	6.0	4.4	4.2	5.9
February, 1941	6.2	6.2	6.1	4.5	4.3	6.0
March, 1941	6.2	6.2	6.2	4.5	4.2	6.1
April, 1941	6.6	6.3	6.7	4.8	4.4	6.4
May, 1941	6.5	6.5	6.8	4.9	4.3	6.4
June, 1941	6.2	6.4	6.5	4.5	4.2	6.1
July, 1941	5.8	5.9	6.4	4.5	4.0	5.8
August, 1941	5.9	6.0	6.4	4.6	3.9	5.9
September, 1941	5.9	6.3	6.5	4.6	3.9	5.9
October, 1941	6.4	6.5	6.6	5.0	4.1	6.3
November, 1941	6.9	6.8	6.9	5.2	4.1	6.8
December, 1941	7.3	8.2	7.6	5.4	4.5	7.3
January, 1942	7.4	7.2	7.6	5.3	4.5	7.2
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
May 12	117.72	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
11	117.74	106.56	116.02	113.12	107.44	92.20	96.69	110.70	113.70
9	117.76	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
7	117.83	106.74	116.22	113.12	107.44	92.20	96.54	110.70	113.70
6	117.98	106.74	116.22	113.12	107.62	92.06	76.54	110.70	113.70
5	118.01	106.74	116.02	113.12	107.62	92.20	96.69	110.70	113.70
4	117.86	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
2	117.98	106.74	116.22	113.12	107.44	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.27	106.92	116.61	114.08	107.98	92.50	97.47	110.88	114.08
Low 1942	115.90	106.04	115.43	112.93	107.09	90.63	95.92	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
May 12, 1941	118.51	106.56	116.80	113.31	107.09	91.62	97.16	110.70	112.75
2 Years ago									
May 11, 1940	115.43	103.47	116.41	112.75	102.96	85.33	91.48	108.88	111.44

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
May 12	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
11	3.36	2.85	3.00	3.31	4.26	3.96	3.13	2.97
9	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
7	3.35	2.84	3.00	3.31	4.26	3.97	3.13	2.97
6	3.35	2.84	3.00	3.30	4.27	3.97	3.13	2.97
5	3.35	2.85	3.00	3.30	4.26	3.96	3.13	2.97
4	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
2	3.35	2.84	3.00	3.31	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.88	3.01	3.33	4.37	4.01	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.91	3.12	2.95
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
May 12, 1941	3.36	2.81	2.99	3.33	4.30	3.93	3.13	3.02
2 Years ago								
May 11, 1940	3.54	2.83	3.02	3.57	4.76	4.31	3.23	3.09

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
Jan. 3	147,419	140,263	530,549	86	88
Jan. 10	162,493	166,095	527,514	101	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102
Jan. 31	181,070	167,040	528,698	101	102
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101
Mar. 28	144,061	168,394	442,556	100	101
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Moody's Daily Commodity Index

Tuesday, May 5	231.6
Wednesday, May 6	231.7
Thursday, May 7	232.3
Friday, May 8	232.3
Saturday, May 9	232.0
Monday, May 11	232.0
Tuesday, May 12	231.9
Two weeks ago, April 28	230.1
Month ago, April 11	233.7
Year ago, May 12	191.8
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 7	234.0
Low—Jan. 2	220.0

Sees Living Standard At 1932 Low In Year

Price Administrator Leon Henderson predicted on May 6 that although people have enough money for the highest standard of living in history, the national level will be forced down in the next 12 months to the low standard of 1932.

Mr. Henderson explained the price and rationing systems to State representatives, who gathered in Washington to consider the removal of State trade barriers.

Reporting on his remarks, Associated Press advices stated:

"We are at the highest level of production of civilian goods that there has ever been," Mr. Henderson said. "Out of the amount of money in people's pockets, we would be able to buy a standard of living exceeding all the dreams of the idea boys in the back room.

"But because we are not going to have for civilian production enough metals, skilled labor and materials—using these to make bombers, tanks and other things that a free country needs for offensive action—it is probable that in the next 12 to 15 months we will get a civilian standard of living equivalent to 1932, which was the low of all lows during the depression."

He promised the group that the price and rationing systems would be administered democratically, with local persons, as far as possible, organized into control groups for each State. He added that he would not tolerate any politics in the organizations.

Expressing the conviction that local cooperation would make the programs successful, he added that if local committees could not make a success of them, it would be impossible to proceed under the democratic system.

Advances Near Record

The $87,367,000 which savings, building and loan associations advanced to home buyers, builders and remodellers in March brought the 1942 first quarter's contribution of these institutions to the nation's home-owner credit to within 9% of the high mark achieved during the same period a year ago, according to the United States Savings and Loan League, Chicago. A gain of 13.8% in March loan volume as compared with February was reported by the League. Total disbursement for the first three months was $243,656,000. The League, on May 11 further reported:

Construction loans of $21,775,000 represented a $1,000,000 gain over February but a $1,000,000 drop from January, showing the contradictory influences of (1) war restrictions on home building materials in March and (2) natural seasonal trends toward higher construction loan volume every spring, according to A. D. Theobald, Assistant Vice President-Treasurer of the League. Construction lending was largely in areas where war industries have given low-cost housing its chief impetus of a generation, Mr. Theobald said, although the WPB order L-41 had not then been promulgated.

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on May 7 that as of the close of business April 30, 1942, there were 1,163 bond issues aggregating $60,571,662,883 par value listed on the Stock Exchange, with a total market value of $57,923,553,616. This compares with 1,166 bond issues aggregating $60,578,981,933 par value listed on the Stock Exchange on March 31 with a total market value of $58,140,382,211.

In the following tables listed bonds are classified by governmental and industrial groups, with the aggregate market value and average price for each:

Group—	Apr. 30, 1942 Market Value $	Apr. 30, 1942 Average Price $	Mar. 31, 1942 Market Value $	Mar. 31, 1942 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	42,752,196,854	105.76	42,923,656,980	106.21
U. S. companies:				
Amusements	34,756,820	99.43	34,957,700	100.00
Automobile	13,461,107	103.16	13,539,969	103.77
Building	17,357,214	93.70	17,070,913	92.16
Business and office equipment	15,075,000	100.50	14,250,000	95.00
Chemical	74,504,750	97.84	74,778,000	98.20
Electrical equipment	36,325,000	103.79	36,362,500	103.89
Financial	58,231,610	99.23	58,447,265	99.59
Food	207,846,047	104.26	208,078,687	104.37
Land and realty	9,335,053	67.97	9,346,214	68.05
Machinery and metals	45,118,317	98.99	45,151,559	98.63
Mining (excluding iron)	92,306,155	57.66	92,106,938	57.52
Paper and publishing	50,863,746	100.15	56,943,303	100.18
Petroleum	596,517,259	102.21	598,723,403	102.56
Railroad	6,549,969,131	63.35	6,617,350,832	63.96
Retail merchandising	12,000,749	78.47	12,078,295	78.61
Rubber	71,963,790	97.94	70,795,303	96.35
Ship building and operating	11,127,840	97.00	10,898,400	95.00
Shipping services	17,585,703	63.46	17,365,882	62.67
Steel, iron and coke	552,625,211	100.20	553,495,730	100.26
Textiles	25,923,310	97.65	25,758,058	97.03
Tobacco	39,782,813	118.15	39,881,782	118.44
Utilities:				
Gas and electric (operating)	3,261,225,966	105.79	3,263,723,142	106.21
Gas and electric (holding)	98,139,642	95.77	102,768,195	97.43
Communications	1,191,843,115	106.21	1,194,599,945	106.54
Miscellaneous utilities	84,495,266	57.36	81,363,663	55.11
U. S. companies oper. abroad	99,012,100	54.46	103,101,343	56.71
Miscellaneous businesses	31,545,000	103.43	31,697,500	103.93
Total U. S. companies	13,298,937,720	77.99	13,384,634,521	78.47
Foreign government	1,174,247,263	52.44	1,132,679,684	50.53
Foreign companies	698,171,779	80.61	699,411,026	80.76
All listed bonds	57,923,553,616	95.63	58,140,382,211	95.97

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
Mar. 30	50,006,387,149	92.86	Apr. 30	52,518,036,554	94.32
Apr. 30	49,611,937,544	92.48	May 30	52,321,710,056	94.22
May 31	46,936,861,020	87.87	June 30	53,237,234,699	94.80
June 29	47,665,777,410	90.14	July 31	53,259,696,637	95.04
July 31	48,601,638,211	90.86	Aug. 30	53,216,867,646	94.86
Aug. 31	49,238,728,732	91.33	Sept. 30	53,418,055,935	94.74
Sept. 30	49,643,200,867	92.08	Oct. 31	55,106,635,894	95.25
Oct. 31	50,438,409,964	92.84	Nov. 29	54,812,793,945	94.80
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252,053,607	93.73	Apr. 30	57,923,553,616	95.63

Statutory Debt Limit As Of April 30, 1942

The Treasury Department made public on May 4 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on April 30, 1942, totaled $66,402,752,921, thus leaving the face amount of obligations which may be issued subject to the $125,000,000,000 statutory debt limitation at $58,597,247,079. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($66,402,752,921) should be deducted $2,006,198,132 (the unearned discount on savings bonds), reducing the total to $64,396,554,789, and to this figure should be added $564,763,036 the other public debt obligations outstanding which, however, are not subject to the statutory limitation. Thus, the total gross debt outstanding as of April 30 was $64,961,317,825.

The following is the Treasury's report for April 30:

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of April 30, 1942:			
Interest-bearing:			
Bonds—			
Treasury	$35,909,784,700		
*Savings (maturity value)	10,957,211,250		
Depositary	76,361,000		
Adjusted service	730,336,696		
		$47,673,693,646	
Treasury notes	$12,239,863,225		
Certificates of indebtedness	4,439,635,000		
Treasury bills (matur. value)	1,953,364,000		
		18,632,862,225	
		$66,306,555,871	
Matured obligations, on which interest has ceased		96,197,050	
			66,402,752,921
Face amount of obligations issuable under above authority			$58,597,247,079

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY, APRIL 30, 1942

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$66,402,752,921
Deduct, unearned discount on savings bonds (difference between current redemption value and maturity value)		2,006,198,132
		$64,396,554,789
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,990,180	
Matured obligations on which interest has ceased	11,306,480	
Bearing no interest	357,466,376	
		564,763,036
Total gross debt outstanding as of April 30, 1942		$64,961,317,825

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement, $8,951,013,118.

Fertilizer Ass'n Price Index Advances

A slight rise in the general level of wholesale commodity prices were registered last week by the price index compiled by The National Fertilizer Association May 11. In the week ended May 9, 1942, this index rose to 128.0 from 127.9 in the preceding week. A month ago the index was 125.9 and a year ago, 105.8, based on the 1935-39 average as 100.

The small increase in the all-commodity group index was due primarily to advancing quotations for cotton, grains, and textiles. The sharpest advance was recorded by the farm products group index which regained a good portion of the previous week's loss. Price increases for raw cotton, and cotton goods took the textile index back to the level of April 18. An upturn in the price of gasoline was responsible for a rise in the fuel price index to the highest level recorded in many years. The miscellaneous commodity price index rose as a result of higher prices for cottonseed meal and cattle feed. Other group averages that advanced during the week were the building material and the fertilizer material indexes, which rose fractionally. The only other group average to change was the food price index, which declined as a result of lower prices for eggs, beef, and chickens.

During the week 21 price series included in the index advanced while only 4 declined; in the preceding week there were 11 advances and 24 declines; in the second preceding week there were 17 advances and 11 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week May 2 1942	Preceding Week May 2 1942	Month Ago Apr. 4 1942	Year Ago May 10 1941
25.3	Foods	125.3	126.1	122.4	101.6
	Fats and Oils	138.7	138.7	136.8	108.9
	Cottonseed Oil	159.3	159.3	159.0	114.0
23.0	Farm Products	137.7	136.8	137.3	100.5
	Cotton	192.1	190.5	193.2	113.2
	Grains	118.3	113.8	115.9	94.3
	Livestock	132.0	132.3	131.8	98.6
17.3	Fuels	119.5	119.2	117.4	104.5
10.8	Miscellaneous commodities	128.1	127.9	128.1	114.9
8.2	Textiles	149.5	149.1	149.0	123.5
7.1	Metals	104.4	104.4	104.4	103.4
6.1	Building materials	151.7	151.6	139.9	116.5
1.3	Chemicals and drugs	120.7	120.7	120.3	104.5
.3	Fertilizer materials	118.8	118.7	118.8	107.0
.3	Fertilizers	115.3	115.3	115.3	101.2
.3	Farm machinery	104.1	104.1	104.1	99.7
100.0	All groups combined	128.0	127.9	125.9	105.8

*Indexes on 1926-1928 base were: May 9, 1942, 99.7; May 2, 1942, 99.6; May 10, 1941, 82.4.

Highest April Steel Shipments On Record

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of April, 1942, totaled 1,758,894 net tons.

The April shipments compare with 1,780,938 net tons in the preceding month (March), a decrease of 22,044 net tons, and with 1,687,674 net tons in the corresponding month in 1941 (April), an increase of 71,220 net tons.

For the year 1942 to date, shipments were 6,895,312 net tons compared with 6,638,945 net tons in the comparable period of 1941, an increase of 256,367 net tons.

The shipments during April were the highest on record for that month in the history of the corporation.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	1,616,587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	1,780,938	1,720,366	931,905	845,108	627,047	1,605,510
April	1,758,894	1,687,674	907,904	771,752	550,551	1,617,302
May	------	1,745,295	1,084,057	795,689	509,811	1,701,874
June	------	1,668,637	1,209,684	607,562	524,994	1,529,241
July	------	1,666,667	1,296,887	745,364	484,611	1,480,008
August	------	1,753,665	1,455,604	885,636	615,521	1,500,281
September	------	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	------	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	------	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	*42,000	37,639	*44,865	29,159	*12,827
Total	------	20,417,000	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1941, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Bank Debits Up 30% From Last Year

Bank debits as reported by banks in leading centers for the week ended May 6 aggregated $12,828,000,000. Total debits during the 13 weeks ended May 6 amounted to $142,330,000,000, or 13% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 4% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 19%.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

Federal Reserve District—	Week Ended May 6, 1942	Week Ended May 7, 1941	13 Weeks Ended May 6, 1942	13 Weeks Ended May 7, 1941
Boston	746	563	8,403	7,090
New York	5,282	4,074	54,479	51,966
Philadelphia	657	557	7,640	6,899
Cleveland	901	697	10,545	8,792
Richmond	514	389	5,935	4,849
Atlanta	434	323	4,962	4,097
Chicago	2,010	1,445	22,363	19,152
St. Louis	373	302	4,590	3,796
Minneapolis	248	189	2,669	2,218
Kansas City	370	291	4,523	3,725
Dallas	313	240	3,829	3,124
San Francisco	979	810	12,393	10,177
Total, 274 reporting centers	12,828	9,880	142,330	125,886
New York City*	4,830	3,703	49,289	47,464
140 other centers*	6,938	5,310	80,352	67,968
133 other reporting centers	1,059	867	12,689	10,454

*Included in the national series covering 141 centers, available beginning with 1919.

Greets Child Congress

President Roosevelt told the Eighth Pan-American Child Congress on May 2 that the United Nations were fighting to make the future world "one of hope and freedom and development for all human beings."

In a message read at the opening session of the Congress in Washington, by Breckenridge Long, Assistant Secretary of State, the President expressed the wish that it might have been possible for him personally to greet the delegates, who came from such long distances "in order that we may counsel together concerning the ways in which childhood may be safeguarded in the midst of war and assured the fullest opportunity in the future." The President's message continued:

"You will feel, I trust, that the city named for the First President of the oldest American republic, is truly your home, a place where the ideals of Washington, Bolivar, San Martin, Tiradentes, O'Higgins and the other great liberators may find expression in a Congress devoted to the interests of children.

"Your deliberations and the firmness of your purpose to apply to the practical concerns of every-day life the principles which you will here declare, will contribute in great measure to the extension and fulfillment of the good-neighbor policy as the basic principle of international association."

To Call 2nd Age Groups

Maj. Gen. Lewis B. Hershey, National Director of Selective Service, on May 2 instructed State draft directors to include some of the men who registered Feb. 16 (20-21 and 36-44 age groups) in the June calls. Gen. Hershey said the request came from the War Department. "If the first age group (men registered in October and July, 1941) has been exhausted, the call should be made only upon the second age groups (Feb. 16, 1942, registrants)," Gen. Hershey's instructions said.

"If the first age group is not exhausted the local board will call upon each group in proportion to the number of Class 1 registrants remaining in each."

With respect to the registration of men 18 and 19 years old, President Roosevelt told his press conference on May 1 that he had not received a report from Government officials on whether he would ask for a change in the present law to permit them to be inducted into military service. Under present law they are subject to registration but not military service.

Foreign Trade Bankers To Meet In Ontario

The annual convention of the Bankers Association of Foreign Trade of which Harry Salinger, Vice-President of the First National Bank of Chicago, is President, will be held at the Seigniory Club, Ontario, Canada, on June 4 and 5. Various phases of international trade will be discussed and included among the speakers will be Graham F. Towers, Governor of the Bank of Canada and Chairman of the Foreign Exchange Control Board; P. A. Kinnoch, Vice-President, American Trust Co., San Francisco; I. C. Raymond Atkin, Vice-President of J. P. Morgan & Co.; Wilbert Ward, Vice-President, The National City Bank of New York; Egil Mack, Vice-President, Seattle First National Bank, Seattle, Wash., and Philip P. McGovern, Assistant Vice-President, Manufacturers Trust Co., New York City. The Secretary of the Association, Fred B. Tedford, Assistant Vice-President of the First National Bank of Chicago, is in charge of arrangements.

No Need To Register Women, Says President

President Roosevelt disclosed at his press conference on May 1 that plans for a voluntary registration of women for war work had been abandoned for the time being. The President said that this decision had been made on the basis of a report from Paul V. McNutt, Director of the War Manpower Commission, which showed that there are more women who want work than there are jobs available. The President indicated that there are about 1,500,000 women registered for work with the United States Employment Service and that other women can register at the 1,500 field offices throughout the country. Mr. McNutt's conclusions against the registering women was reached, it is stated, after consultation with women members of the Federal Advisory Council of the Social Security Board and other Government agencies.

While admitting that not all of the 1,500,000 women registered for work wanted jobs in war industry, the President said that apparently enough were seeking these jobs to meet the present situation. The informal report of the Advisory Council, the President said, recommended that existing States laws and regulations governing working conditions for women should be maintained and even extended to States where proper safeguards are not now provided.

The decision not to register women is not permanent the President added, saying that such a listing might be ordered if conditions change.

Mr. McNutt predicted that a million or more additional women will be employed in war industries this year, and that 1943's expansion of war production will bring women into war jobs rapidly to a probable total of 4,000,000 out of an expected total of 20,000,000 or more war workers.

Consideration of registering women was referred to in these columns of April 23, page 1619.

War Funds $162 Billions

The War Production Board announced on April 30 that war funds made available by Congress or the Reconstruction Finance Corporation since June, 1940, totaled $162,416,000,000 when President Roosevelt signed the Sixth Supplemental War Appropriation Act of 1942 on April 28. This Act carried cash appropriations and net contract authorization of $19,138,000,000. The War Production Board in its announcement further reports:

The $162,416,000,000 total includes approximately $6,000,000,000 for the Navy Department, which does not become available for spending until fiscal 1943, and has not been allocated officially for specific purposes. The total does not include $4,096,000,000 contracted by foreign governments for war production in the United States.

The most important item of expenditure provided for in the latest appropriation is $8,761,000,000 for airplanes. Posts, depots and stations call for $6,123,000,000, virtually double the amount previously appropriated for such purposes. Miscellaneous munitions and supplies covered in the Act came to $2,268,000,000.

The Act also includes: $750,000,000 for pay, subsistence and travel of the armed forces, $728,000,000 for ordnance, $348,000,000 for industrial facilities, $31,000,000 for naval ships and $129,000,000 for miscellaneous expenditures.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report states that the total production of soft coal in the week ended May 2, 1942, is estimated at 11,300,000 net tons. This indicates a slight decrease—200,000 tons, or 1.7%—from the output in the preceding week.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended May 2 was estimated at 1,321,000 tons, an increase of 32,000 tons, or 2.5%, over the preceding week. When compared with the output in the corresponding week of 1941, there was an increase of 263,000 tons (about 25%). The calendar year to date shows a gain of 13.5% when compared with the corresponding period of 1941.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended May 2 showed an increase of 1,500 net tons when compared with the output for the week ended April 25. Coke from beehive ovens decreased 15,600 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			January 1 to Date		
	‡May 2, 1942	Apr. 25 1942	May 3, 1941	§May 2, 1942	May 3, 1941	May 1, 1937
*Bituminous coal—						
Total, incl. mine fuel	11,300	11,500	5,003	192,194	143,697	162,749
Daily average	1,883	1,916	834	1,862	1,382	1,594
†Crude petroleum—						
Coal equiv. of weekly output	5,342	5,737	5,618	107,910	102,126	92,421

*Includes for purposes of historical comparison and statistical convenience the production of lignite.

†Total barrels produced during the week converted into equivalent coal assuming 6,000,000 b.t.u. per barrel of oil and 13,100 b.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702).

‡Subject to revision.

§Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar year to date		
	§May 2, 1942	Apr. 25 1942	May 3, 1941	May 2, 1942	May 3, 1941	May 4, 1929
Penn. anthracite—						
*Total, incl. colliery fuel	1,321,000	1,289,000	1,058,000	19,843,000	17,476,000	25,491,000
†Commercial production	1,255,000	1,225,000	1,005,000	18,851,000	16,602,000	23,656,000
Beehive coke—						
United States total	145,600	161,200	39,100	2,605,600	1,718,300	2,152,300
By-product coke—						
United States total	1,171,000	1,169,500	‡	20,383,700	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					¶April avge.
State—	April 25 1942	April 18 1942	April 26 1941	April 27 1940	April 24 1937	1923
Alaska	4	3	3	2	3	**
Alabama	387	391	41	295	21	412
Arkansas and Oklahoma	53	53	11	17	5	70
Colorado	105	116	121	99	72	184
Georgia and North Carolina	1	1	1	1	*	**
Illinois	1,302	1,276	315	713	508	1,471
Indiana	437	455	53	310	173	514
Iowa	48	55	30	39	19	100
Kansas and Missouri	136	155	111	84	42	138
Kentucky—Eastern	977	963	31	782	786	620
Kentucky—Western	226	216	385	130	104	188
Maryland	41	42	4	24	15	52
Michigan	5	6	8	7	2	22
Montana	60	71	39	50	32	42
New Mexico	26	27	21	20	31	59
North and South Dakota	30	35	21	19	21	**16
Ohio	761	750	63	362	364	766
Pennsylvania bituminous	2,881	2,888	19	1,966	2,018	3,531
Tennessee	153	158	26	127	45	121
Texas	5	6	7	14	15	20
Utah	82	70	16	44	32	70
Virginia	402	410	60	288	197	249
Washington	30	36	30	30	30	35
*West Virginia—Southern	2,326	2,310	4	1,768	1,630	1,256
†West Virginia—Northern	895	904	41	576	469	778
Wyoming	127	118	105	84	71	116
‡Other Western States	††	††	††	††	††	**6
Total bituminous coal	11,500	11,515	1,566	7,851	6,705	10,836
§Pennsylvania anthracite	1,289	1,318	689	902	1,615	1,974
Total, all coal	12,789	12,833	2,255	8,753	8,320	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Weekly Engineering Construction Sets Record

Spectacular gains in war construction skyrocketed engineered construction volume to the highest peak in history during the past week. The week's total, $434,955,000, climbed 45% above the former high of $298,718,000 recorded for the week of July 10, 1941, according to "Engineering News-Record" May 7. The volume was 138% higher than last week, and 502% above the corresponding week last year.

Public construction accounted for 96% of the week's total, and also established a new record. The public volume topped a week ago by 140%, and gained 753% over a year ago. Federal work was the prime factor behind the construction gains, and in reaching a new all-time high, increased 144% over the preceding week and 1,523% over the 1941 week. State and municipal construction was up 92% over a week ago, but was 12% below a year ago.

Private work more than doubled its last week's total, but was 26% lower than in the 1941 week.

The week's unprecedented construction volume brought the 1942 total to $3,326,739,000, an increase of 64% over the 19-week period last year. Public work, $3,048,112,000, was 106% higher than in the 1941 period as a result of the 181% gain in Federal work. Private construction, $268,627,000, was 52% lower than a year ago.

Construction volumes for the 1941 week, last week and the current week are:

	May 8, 1941	Apr. 30, 1942	May 7, 1942
Total construction	$72,241,000	$182,270,000	$434,955,000
Private construction	23,273,000	8,304,000	17,191,000
Public construction	48,968,000	173,966,000	417,764,000
State and municipal	24,577,000	11,318,000	21,644,000
Federal	24,391,000	162,648,000	396,120,000

SEC Reports 79 Security Issues Totaling $366,854,000 Registered In 1st Quarter

Securities amounting to $366,854,000 were effectively registered under the Securities Act of 1933 during the first quarter of 1942, compared with a quarterly average of $696,788,000 for the entire year 1941, the Securities and Exchange Commission announced on April 29. After deducting securities registered for the account of others and those not intended for cash sale, says the Commission, there remained $283,442,000 registered by the issuers for cash sale. Public offerings were to be made of $254,194,000, or 90%, while $28,546,000, or about 10%, were to be offered to holders of securities of the issuers. The Commission's announcement further stated:

An analysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division shows that $88,641,000, or 32.3% of net proceeds, were to be expended for new money purposes—$46,144,000 for new plant and equipment and $42,497,000 for working capital. In 1941, the quarterly average of net proceeds going for new money purposes was 26%. Repayment of indebtedness and retirement of stock accounted for $146,095,000, or 53% of net proceeds, compared with a quarterly average of 61.2% for the year 1941. Purchase of securities absorbed $39,206,000, or 14%, as compared with a quarterly average of 12% in 1941.

Electric, gas and water utility companies accounted for $148,803,000, or 53% of the volume registered during the first quarter by issuers of all industries for cash sale. Manufacturing companies were second in volume, with $75,187,000, or 27%. Financial and investment companies were third, with $32,173,000, or 11%, and transportation and communication companies were fourth, with $25,675,000, or 9%.

A breakdown by type of distribution showed that $246,624,000, or 87% of the securities registered by issuers for sale, were underwritten and on these the rate of compensation to the investment bankers averaged 1.9%; $32,343,000, or 11%, were to be distributed under agency agreements at an average compensation of 8.7%; and $4,475,000, or 2%, were intended to be sold directly to investors by the issuers, and on these compensation to distributors amounted to 1.1%. Compensation to distributors aggregated $7,444,000 which was 2.6% of gross proceeds of all issues, including some on which there was no compensation. Other expenses of distribution amounted to $1,791,000, or 0.7% of gross proceeds. After deducting these costs of flotation there remained $274,207,000 net proceeds for the use of the issuers.

Registrations becoming effective in March aggregated $86,215,000, of which $65,271,000 were registered by issuers for cash sale. Manufacturing companies accounted for $26,105,000, or 40% of the securities registered for sale. Open-end management investment trusts accounted for $24,004,000, or 37%, and electric utilities for $14,838,000, or 23%. New money uses absorbed $24,124,000, or 39% of net proceeds. Purchase of securities for investment was to require $22,027,000, or 35%, and retirement of indebtedness, $15,904,000, or 26%.

EFFECTIVE REGISTRATIONS UNDER THE SECURITIES ACT OF 1933
By Types of Securities—Jan. 1 to March 31, 1942

	Total Securities Effectively Registered		Total, Less Securities Reserved for Conversion or Substitution	Percent		Securities Proposed For Sale by Issuers	Percent	
Type of Security	No. of Issues	Amount	Amount	Jan.-Mar., 1942	Avg. 1941	Amount	Jan.-Mar., 1942	Avg. 1941
Secured bonds	7	$151,636,000	$151,630,000	46.0	33.4	$141,930,000	50.1	36.9
Unsecured bonds	8	39,585,000	39,585,000	12.0	24.8	39,585,000	14.0	31.4
Face amt. certificates	0	------	------	---	6.4	------	---	8.1
Preferred stock	13	78,295,962	78,295,962	23.7	11.1	70,538,946	21.9	8.3
Common stock	36	70,710,937	43,356,325	13.2	20.6	14,582,364	5.1	12.1
Certificates of participation, beneficial interest, etc.	11	16,805,800	16,805,800	5.1	2.6	16,805,800	5.9	3.2
Warrants or rights	2	------	------	---	1.1	------	---	---
Substitute secur. (v.t. ctfs. & ctfs of dep.)	2	9,826,336	------	---	---	------	---	---
Grand Total	79	$366,854,035	$329,673.287	100.0	100.0	$283,442,110	100.0	100.0

March Mortgage Recordings Activity Decline

In its April 27 "Mortgage Recording Letter," the Federal Home Loan Bank Board notes that "the curtailment of residential construction necessitated by our war efforts is now being clearly reflected in the current volume of mortgage financing by leading types of lenders throughout the country." "Recordings of $20,000 or less during March, for the second consecutive month, failed to exceed recordings during the same month of the preceding year," says the Board, which notes that it was pointed out last month that this is the first time this has happened since the recording study was begun in 1939. While it is still not possible to label this the beginning of a complete reversal in the trend of recordings, there are many indications that such is the case, says the Board, which further reports:

Recordings during March numbered 116,000 and amounted to $336,000,000 and, while evidencing appreciable gains from February, represented a decline from March, 1941, of 4% in amount and 6% in number. Recordings by insurance companies and by other mortgagees in this March-to-March comparison reflect strong gains, particularly when it is noted that savings and loan associations, bank and trust companies, and mutual savings banks reveal declines in the same comparison.

Type of Lender—	Mar., '42 Volume (000)	% of Total	% Chg. from Feb.	Mar., '41 Volume (000)	% of Total	% Change, March, 1942-Mar., 1941	Cumulative Recordings January-March (000) 1942	1941	% Change
S. & L. Assoc'ns	$100,296	29.9	+15.6	$113,574	32.6	— 4.7	$277,620	$294,752	— 5.8
Insurance Cos.	32,650	9.7	+14.4	27,842	8.0	+17.3	92,258	79,249	+16.4
Bank & Tr. Cos.	78,086	23.3	+11.2	86,178	24.7	— 9.4	225,938	239,681	— 5.7
Mut. Sav. Bks.	12,162	3.6	+16.9	14,016	4.0	—13.2	36,090	38,609	— 6.5
Individuals	60,322	18.0	+13.0	59,646	17.1	+ 1.1	172,738	165,979	+ 4.1
Others	52,120	15.5	+11.5	47,624	13.6	+ 9.4	148,429	135,113	+ 9.9
Total	$335,636	100.0	+13.4	$348,880	100.0	— 3.8	$953,073	$953,383	— 0.03

During the first quarter of this year all mortgage lenders recorded more than $953,000,000 of non-farm mortgages of $20,000 or less—a decline of less than one-half of 1% from recordings during the same period of last year. First quarter recordings of prior years reveal a 1939-1940 gain of 13% and a 1940-1941 gain of 16%. This break in the upward trend of real estate financing indicates that any increase in real estate transactions resulting from population shifts plus liquidation of institutionally owned properties is not sufficient to offset the effect of curtailed residential construction.

Revenue Freight Car Loadings During Week Ended May 2, 1942, Totaled 858,904 Cars

Loading of revenue freight for the week ended May 2, totaled 858,904 cars, the Association of American Railroads announced on May 7. The increase above the corresponding week in 1941 was 64,605 cars, or 8.1%, and above the same week in 1940 was 193,357 cars, or 29.1%.

Loading of revenue freight for the week of May 2 decreased 2,449 cars, or 0.3% below the preceding week.

Miscellaneous freight loading totaled 383,211 cars, an increase of 778 cars above the preceding week, and an increase of 24,296 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 112,736 cars, a decrease of 10,844 cars below the preceding week, and a decrease of 50,955 cars below the corresponding week in 1941.

Coal loading amounted to 169,419 cars, a decrease of 240 cars below the preceding week, but an increase of 76,633 cars above the corresponding week in 1941 which was affected by strike.

Grain and grain products loading totaled 36,193 cars, an increase of 516 cars above the preceding week, and an increase of 2,339 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of May 2 totaled 22,673 cars, an increase of 373 cars above the preceding week, and an increase of 2,430 cars above the corresponding week in 1941.

Live stock loading amounted to 13,885 cars, an increase of 100 cars above the preceding week, and an increase of 1,050 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of May 2 totaled 11,113 cars, an increase of 619 cars above the preceding week, and an increase of 1,421 cars above the corresponding week in 1941.

Forest products loading totaled 50,407 cars, a decrease of 853 cars below the preceding week, but an increase of 7,733 cars above the corresponding week in 1941.

Ore loading amounted to 78,997 cars, an increase of 8,086 cars above the preceding week, but a decrease of 274 cars below the corresponding week in 1941.

Coke loading amounted to 14,056 cars, an increase of eight cars above the preceding week, and an increase of 3,783 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern and Northwestern, but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Week of May 2	858,904	974,299	665,547
Total	14,362,427	12,974,914	11,331,289

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 2, 1942. During this period 81 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED APRIL 25

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	498	569	606	1,415	1,306
Bangor & Aroostook	1,928	1,724	1,708	249	302
Boston & Maine	7,123	9,362	7,111	16,651	13,151
Chicago, Indianapolis & Louisville	1,373	1,238	1,223	1,973	1,993
Central Indiana	40	16	20	64	45
Central Vermont	1,129	1,383	1,406	2,395	2,495
Delaware & Hudson	7,056	6,232	5,220	13,226	9,214
Delaware, Lackawanna & Western	8,842	9,888	8,799	9,716	7,710
Detroit & Mackinac	264	304	286	140	131
Detroit, Toledo & Ironton	1,749	3,394	2,476	1,297	1,137
Detroit & Toledo Shore Line	278	352	273	3,054	2,220
Erie	15,032	15,435	11,792	17,024	12,912
Grand Trunk Western	4,075	6,016	4,830	8,100	7,273
Lehigh & Hudson River	212	336	316	3,858	2,258
Lehigh & New England	2,367	2,322	2,056	1,885	1,172
Lehigh Valley	9,933	9,995	8,181	12,459	8,255
Maine Central	2,393	3,111	2,498	3,838	3,082
Monongahela	6,803	3,819	4,576	385	358
Montour	2,281	1,715	1,866	40	55
New York Central Lines	48,220	51,357	39,362	56,019	36,224
N. Y., N. H. & Hartford	10,881	12,293	9,113	21,204	15,791
New York, Ontario & Western	1,056	1,092	1,255	3,345	2,415
New York, Chicago & St. Louis	7,632	6,522	5,081	15,104	10,875
N. Y., Susquehanna & Western	594	534	385	1,524	1,750
Pittsburgh & Lake Erie	8,339	7,453	5,987	9,919	7,472
Pere Marquette	5,604	7,085	5,984	6,238	5,124
Pittsburgh & Shawmut	785	351	856	35	56
Pittsburgh, Shawmut & North	401	410	325	310	225
Pittsburgh & West Virginia	1,183	905	1,042	3,152	2,299
Rutland	437	647	628	1,080	1,185
Wabash	5,578	6,668	5,140	12,276	9,709
Wheeling & Lake Erie	5,769	5,229	3,695	4,741	3,279
Total	169,855	177,757	144,096	232,716	171,473
Allegheny District—					
Akron, Canton & Youngstown	690	740	426	1,127	794
Baltimore & Ohio	42,340	37,300	30,197	28,002	17,989
Bessemer & Lake Erie	6,769	7,021	2,508	2,205	1,632
Buffalo Creek & Gauley	*339	83	308	*1	2
Cambria & Indiana	1,920	1,327	1,255	13	18
Central R. R. of New Jersey	7,276	7,954	6,953	20,961	13,575
Cornwall	691	646	663	70	48
Cumberland & Pennsylvania	309	73	223	27	33
Ligonier Valley	148	112	78	47	37
Long Island	817	772	608	3,575	2,947
Penn-Reading Seashore Lines	1,756	1,425	1,206	2,568	1,627
Pennsylvania System	86,624	78,896	60,425	67,506	43,851
Reading Co.	16,254	17,768	13,806	29,240	17,232
Union (Pittsburgh)	20,932	19,862	14,190	7,630	7,130
Western Maryland	4,187	3,500	3,307	13,601	6,870
Total	191,052	177,479	136,153	176,573	113,785
Pocahontas District—					
Chesapeake & Ohio	29,052	17,756	24,361	13,525	7,628
Norfolk & Western	23,623	15,283	20,450	7,259	5,336
Virginian	4,748	2,245	4,097	2,377	1,632
Total	57.423	35.284	48,908	23,161	14.596

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Southern District—					
Alabama, Tennessee & Northern	323	351	212	424	189
Atl. & W. P.—W. R. R. of Ala.	832	829	707	2,731	1,760
Atlanta, Birmingham & Coast	815	798	676	1,176	1,106
Atlantic Coast Line	13,029	12,559	8,975	8,944	6,260
Central of Georgia	4,148	4,693	3,926	4,351	3,897
Charleston & Western Carolina	489	552	427	1,790	1,506
Clinchfield	1,701	1,682	1,519	2,907	2,017
Columbus & Greenville	367	272	253	231	295
Durham & Southern	173	203	169	831	302
Florida East Coast	1,927	1,176	1,681	1,383	1,052
Gainesville Midland	40	51	25	107	92
Georgia	1,191	1,181	1,035	2,557	1,891
Georgia & Florida	404	360	269	587	868
Gulf, Mobile & Ohio	4,605	3,813	3,196	4,050	3,267
Illinois Central System	28,402	22,808	18,869	16.529	12.594
Louisville & Nashville	26,793	16,878	21,907	10,677	5,303
Macon, Dublin & Savannah	162	196	123	766	818
Mississippi Central	394	178	99	442	347
Nashville, Chattanooga & St. L.	3,486	3,402	3,050	4,042	3,442
Norfolk Southern	1,526	1,387	1,045	2,086	996
Piedmont Northern	457	513	404	1,220	1,169
Richmond, Fred. & Potomac	610	422	322	11,256	6,196
Seaboard Air Line	11,554	10,712	9,214	8,020	5,467
Southern System	25,516	25,266	20,918	24,308	16,681
Tennessee Central	734	656	435	1,044	639
Winston-Salem Southbound	130	151	140	903	792
Total	129,808	111,089	99,596	113,362	78,946
Northwestern District—					
Chicago & North Western	22,854	23,062	16,912	12,960	10,955
Chicago Great Western	2,547	2,716	2,402	3,359	3,115
Chicago, Milw., St. P. & Pac.	19,858	21,612	18,513	9,693	8,612
Chicago, St. Paul, Minn. & Omaha	4,098	3,893	3,333	3,671	3,812
Duluth, Missabe & Iron Range	23,720	21,820	10,937	320	277
Duluth, South Shore & Atlantic	1,243	1,219	561	564	524
Elgin, Joliet & Eastern	10,147	9,981	6,334	10,119	5,332
Ft. Dodge, Des Moines & South	570	598	498	139	131
Great Northern	21,638	23,073	15,661	4,914	4,082
Green Bay & Western	566	637	455	731	769
Lake Superior & Ishpeming	3,456	4,123	2,009	51	85
Minneapolis & St. Louis	2,019	1,855	1,659	2,401	2,152
Minn., St. Paul & S. S. M.	6,840	8,043	5,416	3,045	2,614
Northern Pacific	10,431	9,656	9,538	4,576	4,311
Spokane International	158	197	170	556	323
Spokane, Portland & Seattle	2,695	2,573	1,663	3,404	1,892
Total	132,840	135,058	96,061	60,503	48,986
Central Western District—					
Atch., Top. & Santa Fe System	20,998	19,904	18,029	11,036	8,007
Alton	3,497	3,322	2,652	4,091	2,496
Bingham & Garfield	734	654	504	157	92
Chicago, Burlington & Quincy	15,448	14,475	13,493	9,841	9,142
Chicago & Illinois Midland	2,457	211	1,877	872	781
Chicago, Rock Island & Pacific	11,529	12,527	10,873	11,205	9,393
Chicago & Eastern Illinois	2,492	2,763	2,352	3,092	2,848
Colorado & Southern	758	676	666	1,500	1,467
Denver & Rio Grande Western	2,621	2,410	2,205	4,946	3,421
Denver & Salt Lake	355	356	474	14	17
Fort Worth & Denver City	857	901	1,009	1,205	1,177
Illinois Terminal	1,939	1,996	1,528	2,258	1,468
Missouri-Illinois	1,414	1,097	761	469	549
Nevada Northern	2,045	2,040	1,507	146	96
North Western Pacific	959	862	694	439	453
Peoria & Pekin Union	10	4	11	0	0
Southern Pacific (Pacific)	28,167	27,867	23,451	9,998	6,821
Toledo, Peoria & Western	247	432	306	1,702	1,466
Union Pacific System	14,267	14,717	12,714	12,751	10,657
Utah	483	362	177	4	1
Western Pacific	1,974	1,671	1,553	3,671	2,391
Total	113,251	109,247	96,836	79,397	62,743
Southwestern District—					
Burlington-Rock Island	191	119	156	181	263
Gulf Coast Lines	5,553	2,874	3,141	2,310	1,604
International-Great Northern	2,306	1,767	1,640	3,835	2,711
Kansas, Oklahoma & Gulf	235	169	186	1,110	805
Kansas City Southern	4,470	2,089	1,810	2,385	2,627
Louisiana & Arkansas	3,325	2,318	1,566	2,247	2,028
Litchfield & Madison	372	428	309	992	943
Midland Valley	622	430	416	259	216
Missouri & Arkansas	216	173	161	475	363
Missouri-Kansas-Texas Lines	5,503	3,750	3,715	4,073	3,179
Missouri Pacific	15,344	13,550	12,156	16,489	10,359
Quanah Acme & Pacific	120	107	84	169	118
St. Louis-San Francisco	8,107	7,058	6,142	7,375	5,117
St. Louis Southwestern	3,046	2,420	2,081	5,215	2,925
Texas & New Orleans	10,636	7,155	6,383	4,580	3,621
Texas & Pacific	4,477	3,788	3,774	6,044	4,081
Wichita Falls & Southern	114	154	141	34	42
Weatherford M. W. & N. W.	38	16	36	17	32
Total	64,675	48,385	43,897	57,790	41.034

Note—Previous year's figures revised.
*Previous week's figure.

Further Advance In Labor Bureau's Wholesale Price Index In May 2 Week

The Bureau of Labor Statistics, U. S. Department of Labor, reported on May 7 that notwithstanding the fact that trading in primary commodity markets slackened after the recent freeze order by the Office of Price Administration, its weekly index of nearly 900 price series continued to rise. With a gain of 0.1% during the week ended May 2 the index advanced to 98.7% of the 1926 average, the highest level since late in 1926. The index has risen 0.8% since early in April and is now 18.6% higher than at this time last year.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for April 4, 1942, and May 3, 1941, and the percentage changes from a week ago, a month ago and a year ago:

(1926=100)

Commodity Groups—	5-2 1942	4-25 1942	4-18 1942	4-4 1942	5-3 1941	Percentage changes to May 2, 1942, from 4-25 1942	4-4 1942	5-3 1941
All Commodities	98.7	98.6	98.3	97.9	83.2	+0.1	+0.8	+18.6
Farm products	104.8	104.8	105.2	104.2	74.4	0.0	+0.6	+40.9
Foods	99.9	99.6	98.6	97.2	78.0	+0.3	+2.8	+28.1
Hides and leather products	120.0	119.8	119.8	118.1	105.0	+0.2	+1.6	+14.3
Textile products	97.2	97.0	97.0	97.0	80.9	+0.2	+0.2	+20.1
Fuel and lighting materials	78.6	78.5	78.1	78.3	74.2	+0.1	+0.4	+5.9
Metals and metal products	103.9	103.9	103.9	103.8	97.9	0.0	+0.1	+6.1
Building materials	108.7	108.8	108.8	110.5	100.3	—0.1	—1.6	+8.4
Chemicals and allied products	97.1	97.1	97.1	97.1	82.8	0.0	0.0	+17.3
Housefurnishing goods	104.6	104.4	104.4	104.3	91.9	+0.2	+0.3	+13.8
Miscellaneous commodities	89.6	90.0	89.6	89.6	78.5	—0.4	0.0	+14.1
Raw materials	100.1	100.4	99.9	99.4	77.5	—0.3	—0.7	+29.2
Semimanufactured articles	92.5	92.6	92.7	92.8	85.1	—0.1	—0.3	+8.7
Manufactured products	99.1	98.9	98.6	98.2	85.9	+0.2	+0.9	+15.4
All commodities other than farm products	97.3	97.3	96.9	96.6	85.2	0.0	+0.7	+14.2
All commodities other than farm products and foods	95.6	95.6	95.5	95.6	86.4	0.0	0.0	+10.6

81% Of Wheat Growers Approve Market Quotas

United States wheat growers voting in a referendum held May 2 approved marketing quotas for the Nation's 1942 crop with a favorable vote of 81.8%, said the U. S. Department of Agriculture on May 4 in an announcement based on nearly complete unofficial returns. This is the second successive year that growers have approved wheat marketing quotas in a national referendum, having cast a favorable vote of 81% in 1941. Growers of cotton, tobacco, and peanuts also market their commodities under the quota system. In its advices May 4 the Department added:

Of the 352,537 referendum votes tabulated, 288,227 were in favor of wheat marketing quotas and 64,310 opposed. Of approximately 2,100 wheat counties voting, returns have been tabulated from 1,886, which includes virtually all major wheat areas.

Under quotas, wheat seeded within AAA acreage allotments may be marketed without restriction. However, wheat produced on acreage in excess of the allotment will be subject to a per-bushel penalty of 57 cents, half the basic loan rate which nationally will average $1.14 to farmers. All other regulations will be similar to those of 1941.

Department officials said that the favorable quota vote will materially strengthen the acreage allotment and crop loan features of the national wartime wheat program. Because the Nation has plenty of wheat for all wartime needs, acreage allotments are needed to help divert wheat acreage to other production which is more necessary, such as dairy, poultry, and meat production, soybeans, and flax, it was said. It was pointed out that the quota vote will enable the Department to make available a newly-announced $1.14 per bushel loan on the 1942 wheat crop. According to the law, if quotas had been turned down, loans could not be made available.

Farmers All-Out For War Food Production

In its May advices covering the features of the current and prospective agricultural situation, the Department of Agriculture reports that new records in the production of milk, eggs, meats and other protective foods are being made month after month. The Department's announcement further said:

Considerable concern was expressed, however, over possible difficulties in getting farm products transported, processed, distributed, and stored later this year. Federal agricultural agencies are attacking these problems on many fronts. There is the problem of motor transport in getting products off the farms to initial assembling points, and of rail transport to processing plants and market centers. There is the problem of having sufficient containers and equipment for processing and packaging foods. Immediately ahead are wheat storage and transportation difficulties. Unusually large quantities of wheat must be stored on the farms this year.

Farmers' costs of production are considerably higher this Spring than last, but the long-standing gap between prices received and prices paid by farmers has been closed.

Farm income is rising seasonally now, but less sharply than at this time last year. Largest comparative gains are from the unusually heavy marketings of hogs at relatively high prices; income from other livestock and animal products also is larger than at this time last year.

Lumber Movement—Week Ended May 2, 1942

Lumber production during the week ended May 2, 1942, was 4% less than the previous week, shipments were 2% greater, new business 18% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 25% above production; new orders 21% above production. Compared with the corresponding week of 1941, production was 7% less, shipments, 7% greater, and new business 2% less. The industry stood at 129% of the average of production in the corresponding week of 1935-39 and 152 of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 17 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 11% above the orders of the 1941 period. For the 17 weeks of 1942, new business was 29% above production, and shipments were 17% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 61% on May 2, 1942, compared with 39% a year ago. Unfilled orders were 32% greater than a year ago; gross stocks were 16% less.

Softwoods and Hardwoods

Record for the current week ended May 2, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	458	458	489
Production	239,659	258,606	249,048
Shipments	298,421	279,319	293,803
Orders	290,591	295,922	352,472

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	370		101	
Production	228,173	—100%	11,486	—100%
Shipments	285,430	125	12,991	113
Orders	279,253	122	11,338	99

Farm Prices 99% of Parity

The Bureau of Agricultural Economics, U. S. Department of Agriculture, announces that continuation of local market increases in prices of meat animals, cotton, and fruit during the month ended April 15 lifted the general level of prices received by farmers to 150% of their pre-World War I level. Prices of commodities bought by farmers also advanced and the ratio of prices received to paid was 99% of parity. Department of Agriculture officials pointed out, however, that the general average of prices received by farmers may be lower now than at mid-month in view of subsequent downturns in prices of wheat and some other grains.

The Bureau's announcement continued:

The general level of local market prices received by farmers for agricultural commodities rose 4 points during the month ended April 15. Advances recorded in prices received for cotton, fruit, meat animals, and poultry more than offset declines in prices of grains and dairy products during this period.

The advance in cotton and cottonseed amounted to 7 points. Meat animals were up 10; fruit, 7; chickens and eggs, 1 point. Grains declined 2 points. Dairy products were down 2. All major groups except cotton, meat animals, and truck crops were still below parity.

The general level of prices paid by farmers for commodities bought on April 15 was 151% of the 1910-14 average. This was 1 point higher than on March 15, and 27 points higher than in mid-April last year. Slight advances occurred in prices of commodities used for both family maintenance and for farm production.

Steel Output In First Four Months Exceeds 1941 Record Total By 4%

Production of 7,122,313 tons of steel ingots and castings during April, as announced May 8 by the American Iron and Steel Institute, brought total steel output in the first four months of this year more than 4% over the tonnage produced in the corresponding period of 1941.

The total for the first four months of this year was 28,161,202 tons, compared with 27,030,888 tons in the corresponding months of 1941. Production in April this year exceeded by almost 5½% the total of 6,754,179 tons of steel produced in April a year ago.

Steel production last month was slightly below the record output of 7,392,911 tons achieved in the longer month of March.

An average of 1,660,213 tons of steel was produced per week during April, only ½ of 1% below the peak of 1,668,829 tons per week produced in March. In April a year ago, an average of 1,574,-401 tons of steel was produced per week.

During the past month the steel industry operated at an average of 97.7% of rated capacity, as against 98.2% of capacity in March. In April, 1941, the industry operated at 97.6% of a considerably smaller total capacity than is available today.

PRODUCTION OF OPEN HEARTH, BESSEMER AND ELECTRIC STEEL INGOTS AND STEEL FOR CASTINGS

Period	Estimated Production—All Companies—Total Net tons	Percent of capacity	Calculated weekly production, all companies (net tons)	Number of weeks in month
1942 †				
January	7,124,922	94.7	1,608,335	4.43
February	6,521,056	96.0	1,630,264	4.00
March	7,392,911	98.2	1,668,829	4.43
1st Quarter	21,038,889	96.3	1,635,994	12.86
April	7,122,313	97.7	1,660,213	4.29
1941 †				
January	6,922,352	96.8	1,562,608	4.43
February	6,230,354	96.5	1,557,589	4.00
March	7,124,003	99.6	1,608,127	4.43
1st Quarter	20,276,709	97.7	1,576,727	12.86
April	6,754,179	97.6	1,574,401	4.29
May	7,044,565	98.5	1,590,195	4.43
June	6,792,751	98.1	1,583,392	4.29
2nd Quarter	20,591,495	98.1	1,582,744	13.01
1st 6 months	40,868,204	97.9	1,579,753	25.87
July	6,812,224	93.3	1,541,227	4.42
August	6,997,496	95.6	1,579,570	4.43
September	6,811,754	96.3	1,591,531	4.28
3rd Quarter	20,621,474	95.1	1,570,562	13.13
9 months	61,489,678	96.9	1,576,658	39.00
October	7,236,068	98.9	1,633,424	4.43
November	6,960,885	98.2	1,622,584	4.29
December	7,150,315	97.9	1,617,718	4.42
4th quarter	21,347,268	98.3	1,624,602	13.14
Total	82,836,946	97.3	1,588,741	52.14

†Based on Reports by Companies which in 1941 made 98.5% of the Open Hearth, 100% of the Bessemer and 87.8% of the Electric Ingot and Steel for Castings Production.

Note—The percentages of capacity operated are calculated on weekly capacities of 1,498,029 net tons open hearth, 128,911 net tons Bessemer and 71,682 net tons electric ingots and steel for castings, total 1,698,622 net tons; based on annual capacities as of Jan. 1, 1942 as follows: Open hearth 78,107,260 net tons, Bessemer 6,721,400 net tons, electric 3,737,510 net tons.

The percentages of capacity operated in the first 6 months are calculated on weekly capacities of 1,430,102 net tons open hearth, 134,187 net tons Bessemer and 49,603 net tons electric ingots and steel for castings, total 1,613,892 net tons; based on annual capacities as of Jan. 1, 1941, as follows: Open hearth 74,565,510 net tons, Bessemer 6,996,520 net tons, electric 2,586,320 net tons. Beginning July 1, 1941, the percentages of capacity operated are calculated on weekly capacities of 1,459,132 net tons open hearth, 130,292 net tons Bessemer and 62,761 net tons electric ingots and steel for castings, total 1,652,185 net tons; based on annual capacities as follows: Open hearth, 76,079,130 net tons, Bessemer 6,793,400 net tons, Electric 3,272,370 net tons.

April Department Store Sales

The Board of Governors of the Federal Reserve System announced on May 7 that the value of department store sales declined somewhat in April, although usually there is an increase at this time of year. The Board's seasonally adjusted index dropped to 117% of the 1923-25 average, as compared with an average of 129% in the first quarter, when there was a considerable amount of anticipatory buying.

INDEX OF DEPARTMENT STORE SALES† (1923-25 AVERAGE=100)

	Apr., 1942	Mar., 1942	Feb., 1942	Apr., 1941
Adjusted for seasonal variation	117	124	126	104
Without seasonal adjustment	114	118	99	106

Change from corresponding period a year ago (per cent)‡

Federal Reserve District—	One week ending May 2	Apr. 25	Apr. 18	Apr. 11	Four weeks ending May 2	Mar. 28	Feb. 28	Jan. 31	Year to May 2
Boston	+16	+20	+19	—20	+7	+28	+17	+38	+22
New York	+5	+8	+15	—17	+2	+23	+18	+31	+17
Philadelphia	+9	+8	+16	—18	+3	+31	+33	+41	+24
Cleveland	+13	+18	+16	—14	+7	+33	+21	+4[illegible]	+25
Richmond	+14	r+27	+24	—13	+12	+41	+35	+45	+31
Atlanta	+8	+15	+6	—13	+3	+15	+7	+24	+13
Chicago	+4	r+15	+15	—8	+6	+23	+21	+34	+20
St. Louis	+10	—2	—2	+3	+2	+28	+21	+37	+21
Minneapolis	*	*	*	*	—3	+15	+18	+31	+14
Kansas City	+6	r+10	+21	—7	+7	+20	+14	+34	+19
Dallas	+3	r+14	+20	—21	+3	+15	+8	+25	+13
San Francisco	+13	+13	+21	—3	+10	+25	+25	+29	+23
U. S. total	+8	+13	+15	—12	+5	+26	+21	+35	+21

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1942—		1941—	
Apr. 11	120	Apr. 12	136
Apr. 18	135	Apr. 19	117
Apr. 25	129	Apr. 26	114
May 2	134	May 3	124

r Revised. *Not shown separately but included in United States total. †Monthly indexes refer to daily average sales in calendar month; April 1942 figures estimated from weekly sales. ‡During March and April changes from a year ago reflect in part the fact that Easter was on April 13 last year while this year it was on April 5. On this account it is estimated that in comparisons with last year allowance should be made for an increase of about 4% for the month of March as a whole and for a corresponding decrease for the month of April as a whole.

Trading On New York Exchanges

The Securities and Exchange Commission has made public figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the weeks ended April 18 and 25, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	New York Stock Exchange—Week Ended—April 18	April 25
Total number of reports received	1,012	1,009
1. Reports showing transactions as specialists	177	169
2. Reports showing other transactions initiated on the floor	128	105
3. Reports showing other transactions initiated off the floor	146	143
4. Reports showing no transactions	633	650

	New York Curb Exchange—Week Ended—April 18	April 25
Total number of reports received	721	719
1. Reports showing transactions as specialists	90	84
2. Reports showing other transactions initiated on the floor	15	17
3. Reports showing other transactions initiated off the floor	46	55
4. Reports showing no transactions	572	568

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

	Week Ended—Apr. 18, '42	%a	Apr. 25, '42	%a
A. Total Round-Lot Sales:				
Short sales	82,250		68,130	
Other sales b	2,050,890		1,767,150	
Total sales	2,133,140		1,835,280	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	125,250		118,630	
Short sales	37,860		25,870	
Other sales b	109,040		89,670	
Total sales	146,900	6.38	115,540	6.38
2. Other transactions initiated on the floor—				
Total purchases	36,160		49,330	
Short sales	5,700		6,300	
Other sales b	75,030		44,030	
Total sales	80,730	2.74	50,330	2.72
3. Other transactions initiated off the floor—				
Total purchases	49,240		43,320	
Short sales	9,090		7,800	
Other sales b	51,670		42,620	
Total sales	60,760	2.58	50,420	2.55
4. Total—				
Total purchases	210,650		211,280	
Short sales	52,650		39,970	
Other sales b	235,740		176,320	
Total sales	288,390	11.70	216,290	11.65

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

	Total for Week of—Apr. 18, '42	%a	Apr. 25, '42	%a
A. Total Round-Lot Sales:				
Short sales	5,625		3,765	
Other sales b	352,050		267,790	
Total sales	357,675		271,555	
B. Round-Lot Transactions for the Account of Members:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	25,290		20,745	
Short sales	4,495		3,490	
Other sales b	45,145		32,595	
Total sales	49,640	10.47	36,085	10.47
2. Other transactions initiated on the floor—				
Total purchases	4,975		3,775	
Short sales	0		100	
Other sales b	3,575		3,675	
Total sales	3,575	1.20	3,775	1.39
3. Other transactions initiated off the floor—				
Total purchases	9,355		8,375	
Short sales	630		25	
Other sales b	8,825		6,440	
Total sales	9,455	2.63	6,465	2.73
4. Total—				
Total purchases	39,620		32,895	
Short sales	5,125		3,615	
Other sales b	57,545		42,710	
Total sales	62,670	14.30	46,325	14.59
C. Odd-Lot Transactions for the Account of Specialists—				
Customers' short sales	325		50	
Customers' other sales c	25,648		21,735	
Total purchases	25,973		21,785	
Total sales	15,667		12,356	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Items About Banks, Trust Companies

Bank Credit Associates of New York, of which Leslie J. Christensen of the National City Bank is President, announced on May 7 that J. P. Morgan & Co. Inc. had become a member. This makes practically every large bank in the metropolitan New York area a member of the credit organization. Robert C. Brown of the Morgan bank will be its representative.

At the regular meeting of the Board of Directors of the National City Bank of New York on May 5 Frederick C. Windisch was appointed an Assistant Vice-President. He was formerly an Assistant Cashier.

C. Alison Scully, Executive Vice-President of the Corn Exchange National Bank and Trust Company of Philadelphia, was elected a member of the board of directors of that bank in place of Hale Holden, Jr., who is retiring from the board because he is leaving the city.

Richard K. Mellon, President of the Mellon National Bank, Pittsburgh, has been granted a leave of absence in order to serve as a Major in the United States Army. Lawrence N. Murray, Vice-President of the bank, has been made First Vice-President and thereby becomes chief executive officer of the institution while Mr. Mellon is on leave. The Mellon Bank also announces the retirement of A. W. McEldowney, as Vice-President and Director, thus terminating 40 years' active service. He will continue his association with the organization in an advisory capacity.

A final dividend of 12.57% will soon be paid to about 11,000 creditors of the closed Commercial National Bank, Washington, D. C., Harry J. Hall, receiver of the bank, announced on May 6.

The payment, amounting to $703,000, brings total dividends to 82.57%.

Fixing Resale Price of Patented Articles Violates Trust Law Supreme Court Holds

Anti-trust suits of the Department of Justice against 10 leading firms in the hardboard industry and the Univis Lens Company, maker of bifocal eye glasses, were upheld by the United States Supreme Court on May 11. The latter, according to the Associated Press, ruled that agency and licensing agreements in these fields constituted illegal price fixing even though patents were involved. The Associated Press further reported:

The holder of a patent "cannot control the resale price of patented articles which he has sold . . . by stipulating price maintenance by his vendees" without violating the Sherman Anti-Trust Act, the Court said. There was no dissent in either of the two cases.

The hardboard case involved agreements made by the Masonite Corporation, of Chicago, with nine other companies which manufactured or sold building material. Masonite holds patents on hardboard, a synthetic board made of wood chips. Some of the other firms hold patents on competitive products.

The other firms involved were Celotex Corporation, of Chicago; Certain-teed Products Corporation, of New York; Johns-Manville Sales Corporation, of New York; Insulite Company, of Minneapolis; Flintkote Company, of New York; National Gypsum Company, of Buffalo; Wood Conversion Company, of Cloquet, Minn.; Armstrong Cork Company, of Lancaster, Pa., and Dant & Russell, Inc., of Portland, Ore.

Under the agreements, Masonite appointed the other firms as agents for the sale of its hardboard and set the minimum prices, maximum terms and other conditions of sale.

The Supreme Court's opinion, delivered by Justice Douglas, said that, except for two factors, "there can be no doubt that this is a price-fixing combination which is illegal per se under the Sherman Act." These two factors were the agency agreements and the Masonite patents. And the opinion struck down both of them as defenses.

As to the Supreme Court's ruling in the case of the Univis Lens Co., the Associated Press stated:

The Univis Company, of Dayton, Ohio, makes multifocal lens blanks, rough pieces of glass composed of two or more pieces of different refractive power, on which it holds patents.

The Court's opinion, by Chief Justice Stone, said that Univis collected 50 cents royalty for each pair of lens blanks sold and that "the prices prescribed and maintained under the licensing system are $3.25 a pair for the blanks sold by the lens company to wholesalers, and $4 a pair for those sold to finishing retailers; $7 a pair for finished lenses sold by wholesalers; $16 a pair for white, and $20 for tinted, lenses sold to consumers by prescription and finishing retailers."

The decision ruled that "merely because the licensee takes the final step in the manufacture of the patented product, by doing work on the blank which he has purchased from the patentee's licensee, it does not follow that the patentee can control the price at which the finished lens is sold."

AAA Opposes Bill To Confiscate Automobiles

Opposition to a Federal speed law of 40 miles an hour, carrying the penalty of confiscation of vehicles for violations, has been expressed by the American Automobile Association in a telegram to Senator Robert R. Reynolds of North Carolina, Chairman of the Senate Miltary Affairs Committee, according to the Cleveland "Plain Dealer" of May 10, from which the following is also taken:

Declaring that the proposal "is untimely, unnecessary and would do more harm than good," Thomas P. Henry of Detroit, Mich., President of the National Motoring Body, predicted that enactment of the bill would tend to discourage voluntary cooperation on the part of the motorists, discourage State action and tend to break down State enforcement procedures.

"The American Automobile Association," he said, "strongly favors conservation and the lowered speed limit through voluntary observation, State legislation and strong State and local enforcement. We are certain all this can be had without resort to such drastic measure as the bill in question."

In part, the telegram said:

The confiscation feature of the pending legislation would result in serious injustice and much court controversy as regards value of personal property that might be taken over by the Government for violations of the Federal speed limit. The proposed law would not differentiate between the person who unwittingly was guilty of drivng at a rate of 41 miles an hour and the person who was wilfully driving at the rate of 70 miles an hour.

As bearing on the proposed legislation, United Press advices from Washington, May 6, stated that seven government officials were reported to have urged the Senate Military Affairs Committee on that day to approve legislation authorizng Federal requisitioning of private automobiles and seizure of cars whose owners are convicted of driving more than 40 miles an hour. From the same advices (United Press) we quote further:

They are understood to have told the Senate Military Affairs Committee, which is considering requisitioning legislation, that no rubber will be available one year from today for civlian uses; that all synthetic rubber developed will be needed for war weapons, and that civilian users will have to depend upon whatever stocks are available.

Opinion differed as to how soon the Government may be required to take over private vehicles and tires. Price Administrator Leon Henderson, one of those who testified, is reported to have said that requisitioning may be come essential in the near future.

Several committeemen doubted that anything "drastic" would be done immediately. Others believed the Government merely is taking all necessary steps in preparation for requisitioning when, and if, it becomes necessary. The fact that legislation is being sought, it was pointed out, is a warning to all autoists of what lies ahead unless they heed Government requests for conservation of their tires.

Latest available statistics estimate the number of privately-owned automobiles at 34,000,000, of which 10,000,000 are in the eastern seaboard states.

Appearing before the Senate group in addition to Mr. Henderson were Undersecretary of War Robert P. Patterson, Deputy Petroleum Co-Ordinator Ralph K. Davies, Chairman Joseph B. Eastman, of the Defense Transportation Board; Arthur B. Newhall, representing the War Production Board; F. Eberstadt, representing the Army and Navy Munitions Board, and Budget Director Harold D. Smith.

They were called primarily for testimony on a bill sponsored by Senator Sheridan Downey (Dem., Calif.), authorizing the President to acquire private automobiles and tires—by requisitioning if necessary—to a total value of $5,000,000,000. The owners would receive a "fair price," which would be fixed by the Price Administration.

Chairman Robert R. Reynolds (Dem., N. C.) indicated after the session that the Committee will write into the bill a provision authorizing Government requisitioning of cars that exceed a 40-mile speed limit and another section establishing that speed as a national policy.

He said the witnesses presented a picture of the rubber situation "which is more serious than has ever been expressed to the people of this country."

"Actually the rubber shortage is perilous from a military standpoint," he said. "In order to provide our Army with rubber, we are going to have to get not every pound but every ounce that is available in this country."

Mr. Reynolds and other committeemen believed the car owner with more than five tires will be the first affected by requisitioning orders. He said this was discussed at today's meeting, and pointed out that an automobile with less than five tires would be "of little use to a man."

On May 11 Associated Press Washington accounts indicated that formidable opposition appeared to be developing in the Senate against the proposed legislation.

Steel Output At Record High—Plate Supply Situation Shows Improvement

"Since one step in winning of war is the providing of all steel plates needed by the nation's shipyards, reports of improvement in the plate supply situation must be classified as good news," says "The Iron Age" in its issue of today (May 14), adding, in part: "For many months plate demands, because of sharp increases in shipbuilding, have outrun production from plate mills and from other mills pressed into service to roll this product. In March and April, however, shipments of plates on Maritime Commission orders actually met the tonnages asked. Some shipyards report no loss of production due to shortages of steel plates. The raw materials situation, particularly in scrap, has eased throughout the industry and furnaces now idle for the most part are down for repairs. The weekly production of steel ingots in the United States is well over 1.6 million tons."

The American Iron and Steel Institute on May 11 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.6% of capacity for the week beginning May 11 (a new high record), compared with 98.6% one week ago, 97.2% one month ago and 99.2% one year ago. This represents an increase of 1.0 points or 1.0% from the preceding week. The operating rate for the week beginning May 11 is equivalent to 1,691,800 tons of steel ingots and castings, compared to 1,674,800 tons one week ago, 1,651,100 tons one month ago and 1,601,000 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on May 11 stated in part: "Each month sees more steel on mill books carrying top priority and the point below which deliveries can not be made is constantly rising. Rapid spread of production to war goods as more consumers convert from civilian work is indicated by the greater diversification of buyers, many now taking forms of steel differing widely from their normal lines.

"Steady trend toward heavier products, plates, bars and shapes, is intensified by recent allocations of considerable tonnage of steel rails for export under lend-lease. This increases demand on ingots as rail rolling demands rapid supply, the effect being felt in decreased tonnage available for lighter finished steel products.

"Improvement in scrap supply is being held and most consumers have sufficient current tonnage to operate near capacity. However, reserver can not be built for next winter and concern is felt over prospects for that period. Collections from dormant sources are returning good results but when these are exhausted the tonnage will fall back to production from current fabrication, thus cutting down the flow materially. One effect from automobile wrecking is an increase in cast grades, which has relieved the tight situation of foundries to some degree. Licensing of scrap material dealers will afford closer control of the industry as violations of ceiling regulations can be dealt with by revocation of license, barring the offended from further trading. Registration must be made by June 20."

Dr. Stonier Honored For Education Work

Harold Stonier, Director of The Graduate School of Banking, was the recipient of the honorary degree of Doctor of Letters at the 176th anniversary commencement of Rutgers University at New Brunswick, N. J., on May 10. The degree was conferred upon Dr. Stonier by Dr. Robert C. Clothier, President of Rutgers, in recognition of his contribution to the field of adult education and especially in recognition of his work as founder and director of the Graduate School of Banking, whose resident sessions are held each summer at Rutgers.

Dr. Harold Stonier

The Graduate School of Banking began its existence at Rutgers in 1935 with a student body of 200 bank officers. Now in its sixth year, it has a capacity enrollment of 600 student bank officers and a faculty of 50 consisting of bankers, government officials and university teachers. Among the latter are several members of the Rutgers faculty, including Dr. Eugene E. Agger, head of Rutgers' economics department and Banking Commissioner for New Jersey, who is associate director of the Graduate School. In 1937 Dr. Stonier was given the Rutgers award for "Service to Education." He was given further recognition on May 10 for his contribution to professional business education through the Graduate School of Banking.

Treasury Offering of 2% Bonds Oversubscribed

The Treasury Department announced on May 8 that reports received from the Federal Reserve Banks show that subscriptions for the cash offering of $1,250,000,000 of 2% Treasury bonds of 1949-51 aggregate $3,287,000,000. Subscriptions in amounts up to and including $10,000, totaling about $69,000,000, were allotted in full. Subscriptions in amounts over $10,000 were allotted 38% on a straight percentage basis, but not less than $10,000 on any one subscription, with adjustments where necessary to the $100 denomination.

With respect to the 2½% Treasury registered bonds of 1962-67, which were offered to the public on the same day (May 4), the Treasury revealed that these sales for the first three days totaled $638,705,500. The subscription books for these 2½% bonds, designed especially for investment by other than commercial banks, will close at the end of business today (May 14). Subscriptions placed in the mail before midnight will be considered as having been entered on time.

Details as to the offering of these Treasury bonds were given in these columns of May 7, page 1792.